British Columbia Utilities Commission

2000 Annual Report

DEC 16 2001

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Vancouver, B.C.
June 2001

To the Lieutenant Governor in Council

MAY IT PLEASE YOUR HONOUR:

Pursuant to Section 13 of the Utilities Commission Act, I respectfully submit this report on the activities of the British Columbia Utilities Commission for the calendar year 2000.

This year's report is consistent with the requirements of the Budget Transparency and Accountability Act and the Guidelines for Government Organizations Annual Reports.

PETER OSTERGAARD
Chair

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Glossary of Standard Abbreviations

Utility/Applicant

BC Gas Utility Ltd. (subsidiary of BC Gas Inc.)	BC Gas
British Columbia Hydro and Power Authority	B.C. Hydro
Centra Gas British Columbia Inc.	Centra Gas BC
Centra Gas Whistler Inc.	Centra Whistler
Central Heat Distribution Limited	CHDL
Columbia Basin Trust	CBT
Columbia Power Corporation	CPC
Federated Pipelines (Western) Ltd.	Federated
Hemlock Valley Electrical Services Limited	HVES
Vancouver Island Gas Joint Venture	VIGJV or Joint Venture
Nevis Ltd.	Nevis
Pacific Northern Gas Ltd.	PNG or PNG-West
Pacific Northern Gas (N.E.) Ltd.	PNG (N.E.)
Plateau Pipe Line Ltd.	Plateau
Port Alice Gas Ltd.	Port Alice Gas
Princeton Light and Power Company, Limited	PLP
Squamish Gas Co. Ltd.	Squamish Gas
Silver Star Mountain Resorts Utilities Ltd. (now Stargas)	Silver Star
Silversmith Light & Power Corporation	Silversmith
Stargas Utilities Ltd.	Stargas
Sun Peaks Utilities Co., Ltd.	Sun Peaks
Sun Rivers Services Corp.	Sun Rivers
The Corporation of the City of Nelson	City of Nelson/Nelson Hydro
Trans Mountain Enterprises of British Columbia Limited	TME
Westcoast Energy Inc.	WEI
West Kootenay Power Ltd.	WKP
The Yukon Electrical Company Limited	YECL

Other

Agency, Billing and Collections Transportation	ABC-T
Allowance for Funds Used During Construction	AFUDC
Alternative Dispute Resolution	ADR
Apartment Customer Rates	ACR
Certificate of Public Convenience and Necessity	CPCN
Customer Baseline Load	CBL
Gas Cost Reconciliation Account	GCRA
Large General Service	LGS
Liquified Natural Gas	LNG
Natural Gas Vehicles	NGV
Oil and Gas Commission	OGC
Real Time Pricing	RTP
Return on Common Equity	ROE
Small General Service	SGS
Southern Crossing Pipeline	SCP
Utilities Commission Act	the Act

Corporate Profile

The British Columbia Utilities Commission is an independent regulatory agency of the Provincial Government operating under and administering the *Utilities Commission Act*. The Commission's primary responsibility is the regulation of the energy utilities under its jurisdiction to ensure that the rates charged for energy are fair, just and reasonable, and that utility operations provide safe, adequate and secure service to their customers. It approves the construction of new facilities planned by utilities and their issuance of securities. The Commission's function is quasi-judicial and its Decisions and Orders may be appealed to the Court of Appeal on questions of law or jurisdiction.

The Commission participates in the review of utility and energy projects under the Environmental Assessment Act ("EAA"). Most utility projects reviewable under the EAA also require the issuance of Certificates of Public Convenience and Necessity by the Commission. The Commission also reviews, evaluates, and reports on energy related matters referred to it by Cabinet: this review process usually involves public hearings followed by a decision or a report and recommendations to the Lieutenant Governor in Council.

The Commission administers both the *Utilities Commission Act* and Part 7 of the *Pipeline Act*.

Our Mission

The Commission's mission is to ensure that ratepayers receive safe, reliable, and nondiscriminatory energy services at fair rates from the utilities it regulates, and that shareholders of those utilities are afforded a reasonable opportunity to earn a fair return on their invested capital.

Commission Services

In addition to its regulatory responsibilities, the Commission provides the following services and assistance:

- reviews ratepayers' complaints about the actions of utilities;
- provides copies of documentation prepared by the Commission (e.g., Brochures, Guidelines, Orders, Decisions, etc.,) at no charge. These documents are also posted to the Commission's web site (http://www.bcuc.com);
- access to regulated utilities' Tariffs;
- access to information filed in public hearings; and
- responds to requests for general information regarding utilities.

Message from the Chair

As the energy and utility industries undergo change, and the process of continental integration continues, regulatory agencies face new challenges in protecting the interests of both ratepayers and the utilities themselves.

The most dramatic development during 2000 was the sharp increase in the continental market price for natural gas, and in particular the winter spot price spikes in the west, from southern British Columbia to California. Soaring prices had a significant impact on consumers' cost of living and businesses' operating costs. In B.C. and elsewhere, there was a public expectation that regulators could somehow "save" consumers from high gas commodity costs, even though they have been set by market forces and passed on to the customers without mark-up by the utilities for over 15 years.

Unlike natural gas, electricity rates in B.C. are based on the costs of generation, transmission and distribution. For B.C. Hydro customers, rates have been and will continue to be frozen by law until October 2001. Meanwhile, the Commission has instituted transmission access principles and tariffs for B.C. Hydro and West Kootenay Power to allow these utilities to participate in regional electricity markets. Deregulation experiences in California and Alberta have slowed the movement towards increased competition and liberalization in electricity markets. In the western United States, low levels of electricity infrastructure investment, low precipitation, and growing demand have led to abnormally high market prices and shortages during peak periods. Under current government policy, B.C. Hydro ratepayers and B.C. taxpayers both benefit from unprecedented electricity trade revenues.

A challenge for government and regulators will be to find suitable long-term planning and management mechanisms which are compatible with electricity market changes. Governments make energy policy and commissions implement policy. The BCUC's regulatory "tool kit" includes arbitration (through structured public hearings), formal and informal mediation (e.g. using its Negotiated Settlement Process Guidelines), workshops, and information publications.

Regulators continue to explore regulatory harmonization, standardization, and streamlining within the limits of their enabling legislation. The BCUC has ties with tribunals in neighbouring provinces and states, and plays an active role in the Canadian Association of Members of Public Utility Tribunals ("CAMPUT").

Report on Performance Plan

In accordance with the Budget Transparency and Accountability Act, the Commission submitted a Performance Plan in April 2001 covering the period April 1, 2000 to March 2003. For many years the Commission has included performance indicators in its Annual Reports. The Commission measures its performance using the following information:

- Proceeding Days Summary*
- Hearing and Alternative Dispute Resolution Days*
- Customer Complaints and Inquiries
- Orders Issued
- Commission Expenditures
- Cost of Regulation per Customer
- Staffing Levels

* for all major utility applications heard by the Commission

Each of the above performance measures is depicted in a chart or table, with a brief summary, beginning on page 37 of this Annual Report.

The Commission strives to produce fair and equitable decisions and findings with due diligence, at a reasonable cost, and in accordance with the principles of due process. To this end, the Commission pursues the following goals and objectives to:

- Maintain and Improve Public and Worker Safety
- Ensure the Financial Viability of Utilities
- Maintain and Improve Quality and Reliability of Utility Service
- Maintain and Improve Customer Satisfaction with Utility Service
- Maintain Nondiscriminatory Services and Introduce Effective Commodity Purchasing Options
- Contain Utility Cost of Service Increases
- Limit Any Increases in the Cost of Regulation Per Unit of Energy Sold Below Inflation Rates
- Improve Communications About, and Ratepayer Satisfaction With, BCUC Regulatory Matters

To review the Commission's 2001 Performance Plan please visit the Commission's web site — *http://www.bcuc.com/Performance_Plan.html*. The key strategies and performance measures, which the Commission will review in its 2001 Annual Report, are set out on pages 8 through 17 of the 2001 Performance Plan.

Financial Report

Commission Expenditure/Recovery Summary

Authority for Cost Recovery

Beginning in 1988, the Commission was authorized to recover its costs from regulated utilities and pipeline companies by fixing levies according to Section 125 of the *Utilities Commission Act* and parameters set out in the Levy Regulation (B.C. Reg. 283/88). The Commission recovers most of its costs from a "per gigajoule" levy assessed on each utility, based on the amount of energy it sold in the previous calendar year. The Commission also bills utilities for its hearings costs that are attributed directly to those utilities. Direct recoveries have varied significantly from year to year, depending on the number and duration of regulatory hearings and inquiries. Minor revenues are also collected from intraprovincial petroleum pipeline companies and from other utility regulatory agencies that contract with the Commission for advice and assistance.

Forecast Levy 2000/01

The Commission's fiscal year runs from April 1 to March 31. The voted expenditure for the 2000/01 fiscal year was $3,216,000. Of this, $226,000 was forecasted to be recovered directly from utilities for Commission expenditures directly attributable to their public hearings and other proceedings. This left a net annual budget of $2,990,000 to be recovered from the levy, as identified in the formula below.

$$\frac{\text{Total Expenditures } \textbf{minus} \text{ Direct Recoveries (\$)}}{\text{Total Utility Energy Volumes sold in previous calendar year (GJ)}} \quad \textbf{or} \quad \frac{\$3,216,000 - \$226,000}{440,877,000 \text{ GJ}} = \$0.006782/\text{GJ}$$

The Commission's costs were therefore expected to be recovered from a levy of $0.006782/GJ for the fiscal year beginning April 1, 2000, payable in four quarterly installments. The levy for the last quarter of fiscal year 1999/2000 (i.e., January 1 through March 31, 2000) was $0.007203/GJ.

Levy Billing Adjustments

Lower than forecasted Commission expenditures in the 1999/2000 fiscal year resulted in a year-end credit from 1999/2000 levy payments received of $136,791.72. This amount was credited to the first quarter billing for 2000/01. The second and third quarter billings were at the full levy rate of $0.006782/GJ. The 2000/01 fourth quarter billings were zero as a substantial end-of-year surplus was projected if the full quarterly levy installment was collected. An actual end of fiscal year surplus of $147,485.38 will be credited to first quarter levy invoices in 2001/02.

The levy amounts recovered from utilities and other revenue sources for the 2000/01 fiscal year are as follows:

	Amounts Recovered 2000/01 Fiscal Year (Actual)
Levy	
British Columbia Hydro and Power Authority	$ 771,575.32
BC Gas Utility Ltd.	
- Lower Mainland Division	634,387.96
- Inland Division	282,151.64
- Columbia Division	37,473.98
- Fort Nelson Division	3,861.10
Central Heat Distribution Limited	5,149.34
Corporation of the City of Nelson	539.00
Hemlock Valley Electrical Services Limited	23.00
Centra Gas British Columbia Inc.	129,426.00
Centra Gas Whistler Inc.	2,911.00
Pacific Northern Gas Ltd.	177,432.96
Pacific Northern Gas (N.E.) Ltd.	
-Dawson Creek and Fort St. John	23,131.02
-Tumbler Ridge	2,634.56
Port Alice Gas Inc.	95.58
Princeton Light and Power Company, Limited	991.00
Silversmith Power & Light Corporation	5.00
Squamish Gas Co. Ltd.	1,689.46
West Kootenay Power Ltd.	30,299.44
The Yukon Electrical Company Limited	14.00
Intra-Provincial Oil Pipeline and Other Companies	
Federated Pipe Lines (Western) Ltd.	1,000.00
Nevis Ltd.	1,000.00
Newcal Energy Inc.	1,000.00
TransCanada Gas Pipeline Ltd.	1,000.00
Trans Mountain Enterprises of British Columbia Limited	1,000.00
Westcoast Gas Services Inc.	1,000.00
Miscellaneous Revenues	
Commission Contracts with:	
- Yukon Utilities Board	10,237.60
- Government of Saskatchewan	17,580.10
Recovery of Proceeding Costs from Utilities	136,448.86
Recovery of Room Rental and Photocopying Costs	3,810.48
Deferred Revenue from 1999/2000	136,791.72
TOTAL	**2,414,660.12**
Less 2000/01 Expenditures	**(2,267,174.74)**
Revenue Deferred to 2001/02 1st Quarter Levy	**$147,485.38**

Commission Composition

Organizational Structure

The *Utilities Commission Act* provides for a Chair, one or more Deputy Chairs, up to seven Commissioners (including the Chair and Deputy Chair(s)), and Temporary Commissioners. As of April 2001, there are six Temporary Commissioners and the Chair. The Deputy Chair position is currently vacant. The Commission staff of 20 is made up of professional engineers, accountants, economists, and administrative staff. The Commission's annual budget ranges between $3.0 and $3.5 million. As noted earlier, its costs are recovered through a levy on the public utilities it regulates.

Over the last decade, the Commission has successfully reorganized, downsized, and reduced its costs. Over the same period the Commission has increased the effectiveness of its regulatory methods in an increasingly competitive world.

Following are brief biographies for Commissioners and Temporary Commissioners serving in 2000:

Peter Ostergaard, Chair

Queen's University, 1973 [B.A. (Honours) Geography and Economics]; University of British Columbia, 1976 (M.A.); Member, Canadian Institute of Planners; 1990-96 Assistant Deputy Minister, Energy Resources Division, Ministry of Energy, Mines and Petroleum Resources; 1996-97 Assistant Deputy Minister, Energy and Minerals Division, Ministry of Employment and Investment; January, 1998 appointed Chair of the B.C. Utilities Commission; January 1999 reappointed Chair for a three-year term.

Lorna R. Barr, Deputy Chair

University of London (B.Sc. Honours Geography minor, Geology); University of Victoria (M.A. Geography specializing in Resource Management); prior to 1992 positions held encompassed lecturing at colleges and universities, Britain, Australia, Canada (1967-76); planning (1976-80); public consultation and regulation in the energy sector (1981-87); and tribunal work (1987-92). August, 1992 appointed Deputy Chair of the B.C. Utilities Commission; retired in February 2001.

Kenneth L. Hall, Temporary Commissioner

University of Saskatchewan (B.E.), Professional Engineer, Trans Mountain Pipe Line Company (30 years) retired 1983 as President, C.E.O. and Chairman of the Board; Honorary Life Member Canadian Petroleum Association; appointed December, 1989.

Paul G. Bradley, Temporary Commissioner

Cornell University, 1956 (B. Chemical Engineering); Massachusetts Institute of Technology, 1966 (Ph.D. Economics); Postdoctoral Fellow, Sloan School of Management, MIT (1969-70); Visiting Scholar, Centre for Energy Policy Research, MIT (1978-79); Director, Mineral Revenues Inquiry, State of Western Australia (1984-86); Resident Consultant, Dept. of Energy, Mines & Resources, Ottawa (1987), Professor Emeritus, University of British Columbia (1965-96); appointed September, 1992.

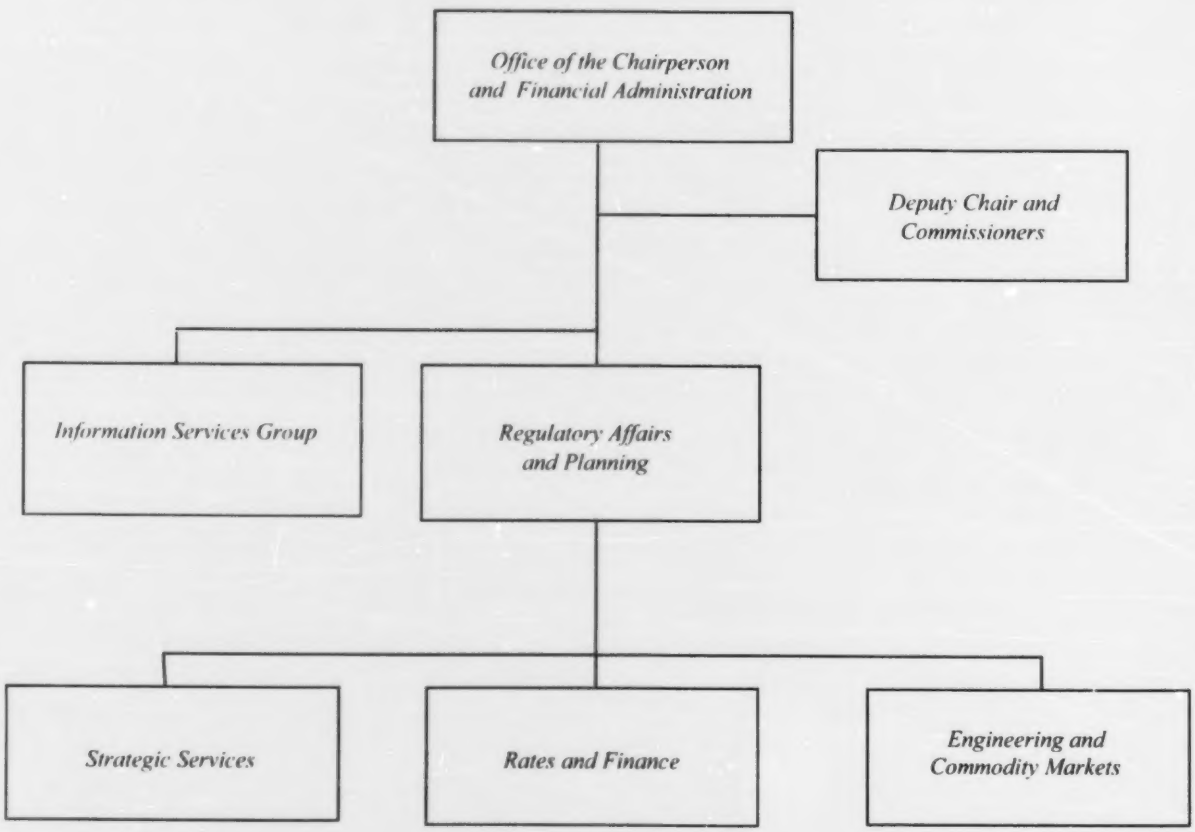
Barbara L. Clemenhagen, Temporary Commissioner

University of Victoria, 1994 (B.Com.), Principal, Koi Strategies Company; Marketing/Operations Manager and Consultant, Willis Energy Services (1996-98); Consultant, B.C. Hydro and Power Authority (1993-95); Vice-Chair of the Canadian Institute of Energy – Vancouver Branch; appointed March 1999.

Nadine F. Nicholls, Temporary Commissioner

University of British Columbia, 1976 (B.Sc. Mathematics); University of British Columbia, 1982 (M.Sc.); rates economist, B.C. Hydro and Power Authority (1980-83); electricity utilities advisor, Government of the Northwest Territories (1990-92); energy policy consultant in the Northwest Territories (1993-98); appointed March 2000.

The organization chart below shows the reporting structure within the Commission.



The Commission staff is divided into three groups:

- **Information Services**

  Consists of the Commission Secretary and the Information Services Group. The Commission Secretary acts as the official contact for both regulated utilities and the public. The department responds to all information requests (including Freedom of Information requests), prepares Annual Reports and quarterly Regulatory Updates, provides in-house computer services, media interaction, maintains the Commission's database of mailing lists, and library services. It also deals with utility customer complaints and operates and maintains the Commission's information resources.

- **Regulatory Affairs and Planning**

  Consists of professional staff with expertise and experience in the areas of accounting, economics, ratemaking, and engineering. The regulatory affairs and planning functions of the Commission include the review of energy supply and demand, conservation, financial, accounting, social and economic impacts and the safety aspects of energy production, transmission, and distribution. In considering a matter under review by the Commission, staff have a responsibility to develop a full record of evidence. This often requires that staff be technical advisors to the Commission, and also provide external expert witnesses to testify at hearings.

- **Office of the Chairperson and Financial Administration**

  Conducts background research and prepares decision support for management policies and decisions in areas such as personnel and financial management, budget preparation, internal policies, external relations with government, other agencies, utilities and the public. Also provides a range of administrative, financial and human resource services to the Commission and Commission staff.

Following is a list of the current Commission staff, their positions, and departments.

Office of the Chair and Financial Administration

Marilyn E. Donn	Assistant to the Chair and Deputy Chair\ Manager, Financial Administration
Sandra S. Clark	Financial Assistant/Stenographer

Commission Secretary's Office and Information Services Group

Robert J. Pellatt	Commission Secretary
Constance M. Smith	Assistant Commission Secretary\ Administrator, Computer Services
Alison H. Cormack	Information Services Officer
Debra L. Frank	Stenographer
Lisa D. Morris	Stenographer
Yvonne M. Lapierre	Stenographer\Receptionist

Regulatory Affairs and Planning

William J. Grant	Executive Director
Margaret M. McDermott	Stenographer

Strategic Services

James W. Fraser	Manager
Mark A. Gosling	Senior Economist
Gregory J. Charchun	Energy Utility Economist

Rates and Finance

Barry McKinlay	Manager
John J. Hague	Senior Financial Analyst
Philip W. Nakoneshny	Senior Financial Analyst

Engineering and Commodity Markets

J. Brian Williston	Manager
Robert W. Rerie	Senior Electrical Engineer
Robert N. Brownell	Senior Commodities Analyst

Highlights, Accomplishments and Anticipated Events

2000 Regulatory Highlights

Regulatory proceedings before the Commission included:

- West Kootenay Power Ltd. - Certificate of Public Convenience and Necessity for the Kootenay 230 kV System Development Project (Decision dated June 5, 2000; Order No. C-10-00)
- Centra Gas British Columbia Inc. - 1997 and 1998 Revenue Deficiencies and 2000 to 2002 Revenue Requirements (Order No. G-6-00; Negotiated Settlement)
- British Columbia Hydro and Power Authority - Electrochemical Producers Complaint – High Load Factor Electricity Tariff (Order No. G-29-00; Reasons for Decision)
- Centra Gas Whistler Inc. - 2000 Revenue Requirements (Order No. G-35-00; Negotiated Settlement)
- Pacific Northern Gas Ltd. - 2000 Revenue Requirements (Order No. G-37-00; Negotiated Settlement)
- Pacific Northern Gas (N.E.) Ltd. - 2000 Revenue Requirements - Fort St. John/Dawson Creek and Tumbler Ridge Divisions (Order No. G-45-00; Negotiated Settlement)
- Port Alice Gas Inc. - 2000 Revenue Requirements (Order No. G-67-00; Reasons for Decision)
- BC Gas Utility Ltd. - Cost Allocation Application for the Southern Crossing Pipeline (Order No. G-74-00; Reasons for Decision)
- BC Gas Utility Ltd. - Cost Allocation Application for the Southern Crossing Pipeline (Order No. G-75-00; Reasons for Decision)
- BC Gas Utility Ltd. - Market-Based Commodity Prices for Rate Schedules 7, 10, and 14 for the Gas Contract Year 2000/2001 (Order No. G-83-00; Reasons for Decision)
- BC Gas Utility Ltd. - Gas Supply Mitigation Incentive Program for 2000/01 (Order No. G-106-00; Negotiated Settlement)
- Centra Gas British Columbia Inc. - Extension of the Transportation Service Agreement with Island Cogeneration Limited Partnership (Order No. G-112-00; Reasons for Decision; and Order No. G-34-01)
- West Kootenay Power Ltd. - 2000 Annual Review and Preliminary 2001 Revenue Requirements and Incentive Mechanism Review (Order No. G-130-00; Negotiated Settlement)

Brief summaries of the above-noted decisions may be found commencing on page 23 of this Report.

Electricity Market Developments

The Commission has been implementing competitive options into the electricity markets for several years to provide opportunities for utilities and some customers to reduce their electricity costs and to respond to requirements for electricity trade with United States customers. B.C. Hydro provides wholesale transmission access, real time pricing tariffs and an opportunity for industrial customers to participate in curtailment programs to take advantage of high electricity market prices elsewhere. West Kootenay Power was the first utility in Canada to offer both wholesale and retail access to large industrial and municipal customers.

Alternative Dispute Resolution/Negotiated Settlement Process

The Commission continues to view the Negotiated Settlement Process: Policy, Procedures and Guidelines ("NSP Guidelines") as a valuable regulatory tool. The NSP Guidelines were first issued in 1996 and set the procedural framework for utilities, intervenors, Commission staff and Commissioners in reviewing applications using a negotiated settlement process, rather than the more formal public hearing process.

In October 1999 the Commission established a written review process and requested comments on its 1996 Negotiated Settlement Process Guidelines. The Commission issued its revised Negotiated Settlement Process Guidelines in January 2001. The revised Guidelines are available on the Commission's web site.

In 2000 most utility applications were resolved using an Alternative Dispute Resolution process with the exception of the West Kootenay Power 230 kV Kootenay System Development Certificate of Public Convenience and Necessity Application, which was reviewed through an oral public hearing.

Return on Common Equity ("ROE") Mechanism

Six years ago, the Commission initiated Canada's first automatic ROE mechanism. This mechanism was revised in 1997 and again in 1999. One of the inputs into the ROE mechanism is the average spread between 10- and 30-year yields on Government of Canada bonds during the month of October. Yields on 30-year bonds have traditionally been higher than yields on 10-year bonds such that the yield spread adjustment typically increased the ROE. In October 2000 yields on 10-year Government of Canada bonds exceeded yields on 30-year bonds. Under the ROE adjustment mechanism, this resulted in a negative adjustment to the ROE.

BC Gas subsequently applied to the Commission in November 2000 to adjust the application of the formula used to calculate the ROE for 2001 to address this unusual situation. BC Gas suggested that the Commission could use the same benchmark ROE for 2001 as was used for 2000 (9.5%), or the Commission could use the historical average spreads between 10-year and 30-year Government of Canada bonds rather than the actual spread observed in October 2000.

The Commission solicited comments from interested parties on BC Gas' request for amendments to the calculation of the 2001 low risk benchmark ROE. Comments were received from Centra Gas, Pacific Northern Gas, Princeton Light and Power, and West Kootenay Power who wrote in support of BC Gas' request. The Natural Gas Committee of large industrial consumers ("Industrial Consumers") and a representative for the Consumers' Association of Canada (B.C. Branch) et al. opposed the BC Gas request.

In its determination (Letter No. L-61-00) the Commission found that there was insufficient evidence to support a variance to the formula and, therefore, the ROE for 2001 would be calculated in accordance with Order No. G-80-99. The Commission intends to further review the bond yield spread between medium and long-term bonds in 2001 to consider whether amendments should be made to the mechanism prior to the calculation of the low risk benchmark ROE for 2002. The Commission also intends to review its current practices with respect to rounding to the nearest 25 basis points (0.25%) within the ROE adjustment mechanism.

Incentive Regulation

In past Decisions the Commission has instituted direct utility and shareholder incentives for cost efficiencies that do not negatively affect the quality of service. Incentives allow for longer periods between reviews and align the interests of shareholders and ratepayers. West Kootenay Power's 1996 three-year settlement with performance factors and utility/customer risk-sharing for each major cost and revenue category was the first of its kind in Canada. The West Kootenay Power settlement was extended to a fourth year and a new multi-year settlement was approved in 2000. BC Gas' 1998-2000 Performance-Based Rate Application was reviewed in a Negotiated Settlement Process. It anticipates even broader proposals for performance factors and sharing mechanisms. BC Gas' Performance Based Rate Settlement was also extended for a further year to include 2001.

British Columbia Hydro and Power Authority

Reports on Export Trade

Following receipt of B.C. Hydro's June 30, 2000 Report on Export Trade Activities the Commission received comments on the Report from the Joint Industry Electricity Steering Committee ("JIESC") and the Consumers' Association of Canada (B.C.) et al. ("CAC(BC) et al."). B.C. Hydro's request for an opportunity to respond to the comments of the JIESC and the CAC(BC) et al. was granted (Letter No. L-46-00), and B.C. Hydro subsequently filed further information and indicated a willingness to provide quarterly information on reservoir levels and export trade summaries. In Letter No. L-56-00 the Commission concluded that B.C. Hydro should file quarterly reports on export trade and specified the information they were to contain. B.C. Hydro filed its first export trade quarterly report on December 21, 2000.

Rate Freeze and Profit Sharing Act

The B.C. Hydro Rate Freeze and Profit Sharing Act, 1998, amended section 2 of the Tax and Consumer Rate Freeze Act, freezing the utility's rates from December 10, 1997 to March 31, 2000. The rate freeze was subsequently extended to September 30, 2001. The Commission, therefore, will not review B.C. Hydro's 2000/01 revenue requirements and rates.

The Rate Freeze and Profit Sharing Regulation (Order in Council 695/98) states that the "rates" and "fixed charge" portions of B.C. Hydro's rate schedules are frozen. Other terms and conditions of the tariffs can be amended, and new rates for new services not covered under tariffs in existence on December 10, 1997, can be set in accordance with established ratemaking principles. Examples include changes to the terms and conditions of the Real Time Pricing tariff, B.C. Hydro's Price Dispatched Curtailment Program, and Bypass Rate Guidelines.

BC Gas Utility Ltd.

2001 Rate Design Application and Southern Crossing Pipeline Cost Allocation

On April 3, 2000, BC Gas applied for approval of the allocation of costs arising from the Southern Crossing Pipeline ("SCP") project. BC Gas sought the requisite authorization and orders to implement rates as proposed in the Application, effective January 1, 2001.

The Application was broken into a two-phase process (Order No. G-53-00), whereby Phase 1 would establish a cost allocation method for the incremental SCP cost of service and to determine the relative amount of SCP delivery margin to be recovered in rates. Phase 2 would be initiated by a second rate design application to be filed in early 2001 to review issues such as the absolute and relative level of rates and rate structures, revenue to cost ratios, and modifications to its terms and conditions of service.

A Negotiated Settlement Process commenced on June 27, 2000 and the participants reached a Settlement Agreement Proposal and provided Commission staff with letters of endorsement. The Commission approved the Settlement Agreement (Order No. G-74-00) and, pending further review, established that SCP costs would be placed into the delivery margin.

Following receipt of comments on the proposal to adjourn the Part 2 oral public hearing and implement interim rate increases based on the equal percentage increase to delivery margins proposed by BC Gas, the Commission adjourned the September 18, 2000 public hearing and ordered BC Gas to file a rate design application by the end of January 2001 (Order No. G-75-00).

2001 Rate Design Application

BC Gas filed its rate design application on February 5, 2001. The application seeks approval of certain rate design proposals and to make permanent the interim rate increases that resulted from the allocation of the Southern Crossing Pipeline capital costs. At the request of participants at the February Workshop and Pre-hearing Conference, the Commission has directed that a consultant be hired to validate the Cost of Service Study and that the results be provided to participants for review, following which the participants will submit any Information Requests to BC Gas for response.

Review of Gas Cost Reconciliation Account and Gas Cost Recovery

The rapid escalation of natural gas prices in 1999 and 2000 led to very significant rate increases for customers. Since price increases significantly exceeded forecasts, BC Gas' Gas Cost Reconciliation Account ("GCRA") incurred a large debit balance (gas costs not recovered in current revenues, to be recovered later). Given the obvious conflict between the goals of keeping customer rates as low as possible and reducing the GCRA balance, the Commission prepared a report discussing the GCRA and gas cost commodity rates setting methods in B.C. and in other jurisdictions. This report was circulated to interested parties for comment. The GCRA was also discussed at the November 21, 2000 Annual Review of BC Gas' 2001 Revenue Requirements.

Based on its review of the staff report and the submissions made by BC Gas and other parties, the Commission requested BC Gas to file quarterly reports and established *Guidelines for Setting Gas Recovery Rates and Managing the GCRA Balance*. Although the Guidelines were developed with specific reference to BC Gas, the Commission believes that the Guidelines will also be appropriate for other provincially regulated gas utilities.

Pacific Northern Gas Ltd.

Revenue Requirements Applications

The Commission received revenue requirements applications from PNG for its West and Northeast divisions. The increase requested for the Northeast Division (serving Fort St. John, Dawson Creek and Tumbler Ridge) was set down for a written public hearing. A Decision on that application is pending.

The PNG West Division is faced with challenges associated with the closure of the Methanex plant, which accounts for about two-thirds of the volumes transported on the PNG West system. The application was set down for an oral public hearing, which commenced in Terrace on March 5, 2001. A Decision on that application was issued on May 25, 2001.

Assistance to Yukon Utilities Board

Under a contract, Commission staff provided professional and technical services, assisting the Yukon Utilities Board with its regulatory proceedings.

Assistance to Saskatchewan Government

Under a contract, Commission staff prepared an independent report on proposed natural gas rate commodity and revenue requirement increases of Sask Energy for review by a panel reporting to the Saskatchewan Government.

Electricity Supply Contract Exemptions

Section 22 of the Utilities Commission Act was amended in July of 1998 to allow the Minister to exempt from the provisions of Section 71, by order, persons entering into energy supply contracts for the provision of electricity. Several Ministerial Orders have subsequently been issued and are set out in *Exemptions* on page 35 of this Report.

Cost of Gas Pass-Through Approvals

In 2000, the Commission had to approve large rate increases for BC Gas customers in the Lower Mainland and the Interior, and for Pacific Northern Gas and Centra Gas in other areas of the province. For BC Gas the January 1, 2001 rates increased bills for residential customers by 27%, with increases of between 27% to 38% for commercial and general service customers who purchase their gas commodity from the utility. Over the past two years, customers have faced nearly a doubling of their gas bills even though utility delivery charge increases account for only 4% of the increase in the bills. Ninety-six percent of the increase is a result of the run-up in natural gas commodity costs. Customers of Centra Gas on Vancouver Island and the Sunshine Coast were partly insulated from higher natural gas commodity costs as a result of a 1995 agreement between that utility and the provincial government.

2001 Anticipated Events

During Fiscal Year 2001/02 the Commission will be responding to the following major applications:

- Plateau Pipe Line Ltd. – Application for Permanent Tolls and to Suspend Operations (oral public hearing held April 2-10, 2001 in Vancouver, B.C.)
- BC Gas Utility Ltd. – 2001 Rate Design Application
- BC Gas Utility Ltd. – Revenue Requirements Application starting January 1, 2002
- Centra Gas British Columbia Inc. – Rate Design Application
- Centra Gas British Columbia Inc. – Firm Rates to the Island Cogeneration Plant
- British Columbia Hydro and Power Authority – Sumas Energy 2, Inc. Complaint
- British Columbia Hydro and Power Authority – Revenue Requirements Application post-September 2001
- British Columbia Hydro and Power Authority – BC Hot House Growers' Association Application for a process to review the basis for Export Market Access by Independent Power Producers (oral public hearing in Vancouver commencing May 1, 2001)
- West Kootenay Power Ltd. - Application to Sell its Hydroelectric Generation Assets (oral public hearing commencing May 29, 2001 in Rossland, B.C.)
- West Kootenay Power Ltd. – Certificate of Public Convenience and Necessity Application to Reinforce Transmission Service to Customers in the Okanagan Valley

Supplementary Information

Electric, Natural Gas, Propane, and Steam Heat Utilities

Regulated Utilities

Crown-Owned Electric Utility	Service Area
British Columbia Hydro and Power Authority 333 Dunsmuir Street Vancouver, B.C. V6B 5R3	Lower Mainland, Vancouver Island, Central and Northern, B.C. and East Kootenay Regions

Investor-Owned Electric Utilities	Service Area
Hemlock Valley Electrical Services Limited 20955 Hemlock Valley Road Agassiz, B.C. V0M 1A1	Hemlock Valley
Princeton Light and Power Company, Limited Box 700 Princeton, B.C. V0X 1W0	Princeton, Osprey Lake and Missezula Lake Areas
Silversmith Power & Light Corporation Box 369 New Denver, B.C. V0G 1S0	Sandon, B.C.
Sun Rivers Services Corp. #1002 - 1708 Dolphin Avenue Kelowna, B.C. V1Y 9S4	Lot 152, CLSR Plan 78619 Kamloops IR No. 1
West Kootenay Power Ltd. P.O. Box 130 Trail, B.C. V1R 4L4	West Kootenay and Okanagan Regions of B.C.
The Yukon Electrical Company Limited Box 4190 Whitehorse, Yukon Territory Y1A 3T4	Lower Post

Investor-Owned Natural Gas or Propane Utilities	Service Area
BC Gas Utility Ltd. 1111 West Georgia Street Vancouver, B.C. V6E 4M4	Lower Mainland, Fort Nelson, Central and Northern Interior, the Kootenays and the Okanagan
Centra Gas British Columbia Inc. 1675 Douglas Street, P.O. Box 3777 Victoria, B.C. V8W 3V3	Sunshine Coast, Powell River, and Vancouver Island north to Campbell River, west to Port Alberni, and south to Victoria
Centra Gas Whistler Inc. 1675 Douglas Street, P.O. Box 3777 Victoria, B.C. V8W 3V3	Whistler (Propane Grid System)
Pacific Northern Gas Ltd. #1400 - 1185 West Georgia Street Vancouver, B.C. V6E 4E6	Summit Lake to Prince Rupert and Kitimat

Investor-Owned Natural Gas or Propane Utilities (continued)	Service Area
Pacific Northern Gas (N.E.) Ltd. #1400 - 1185 West Georgia Street Vancouver, B.C. V6E 4E6	Dawson Creek, Rolla, Pouce Coupe Tumbler Ridge, Fort St. John
Pacific Northern Gas Ltd. #1400 - 1185 West Georgia Street Vancouver, B.C. V6E 4E6	Granisle (Propane Grid System)
Port Alice Gas Inc. #201 - 3855 Henning Drive Burnaby, B.C. V5C 6N3	Port Alice (Propane Grid System)
Stargas Utilities Ltd. P.O. Box 3002 Silver Star Mountain, B.C. V1B 3M1	Silver Star resort community
Squamish Gas Co. Ltd. 1111 West Georgia Street Vancouver, B.C. V6E 4M4	Squamish (Natural Gas)
Sun Peaks Utilities Co., Ltd. 1280 Alpine Road Sun Peaks, B.C. V0E 1Z1	Resort area north of Kamloops
Sun Rivers Services Corp. #1002 - 1708 Dolphin Avenue Kelowna, B.C. V1Y 9S4	Lot 152, CLSR Plan 78619 Kamloops IR No. 1

Investor-Owned Steam Heat Utility	Service Area
Central Heat Distribution Limited 720 Beatty Street Vancouver, B.C. V6B 2M1	Downtown Vancouver

Municipally-Owned Electric Utilities	Service Area

Only service outside of the Municipal boundaries is subject to regulation by the British Columbia Utilities Commission.

City of Grand Forks Box 220 Grand Forks, B.C. V0H 1H0	Grand Forks
City of Kelowna 1435 Water Street Kelowna, B.C. V1Y 1J4	Kelowna

MUNICIPALLY-OWNED ELECTRIC UTILITIES* (CONTINUED)	SERVICE AREA
City of Nelson 502 Vernon Street Nelson, B.C. V1L 4E8	Nelson (urban and rural areas)
City of New Westminster 511 Royal Avenue New Westminster, B.C. V3L 1H9	New Westminster
City of Penticton 616 Okanagan Avenue East Penticton, B.C. V2A 3K6	Penticton
District of Summerland Box 159 Summerland, B.C. V0H 1Z0	Summerland

Domestic Electricity Sales - 2000

	Customers #	Revenue ($000)	Sales (GW.h)
CROWN-OWNED ELECTRIC UTILITY			
British Columbia Hydro and Power Authority	1,592,197	2,323,424	46,799.08
MUNICIPALLY-OWNED ELECTRIC UTILITIES			
City of Grand Forks	2,000	2,018	33.06
City of Kelowna	12,111	15,361	279.58
City of Nelson	8,953	8,515	135.01
City of New Westminster	27,761	21,087	365.02
City of Penticton	14,714	18,772	298.32
District of Summerland	5,014	4,083	77.91
Total Municipally-Owned	70,553	69,836	1,188.90
INVESTOR-OWNED ELECTRIC UTILITIES			
Hemlock Valley Electrical Services Limited	200	103	1.44
Princeton Light and Power Company, Limited	2,953	3917	57.96
Silversmith Light & Power Corporation	7	9	0.10
Sun Rivers Services Corp.	33	28	0.49
West Kootenay Power Ltd.	87,824	102,814	1,842.00
The Yukon Electrical Company Limited	85	122	0.79
Total Investor-Owned	91,102	106,993.	1,902.78
TOTAL ALL ELECTRICAL UTILITIES	**1,753,852**	**2,500,253**	**49,890.76**

NOTES:

1. 1 gigawatt hour (GW.h) = 1 million kilowatt hours.

2. Figures reported are for the 2000 calendar year. Customers reported are as at December 31, 2000.

3. Revenues and sales for B.C. Hydro and West Kootenay Power are net of wholesale sales to other reporting electrical utilities.

Domestic Gas Sales - 2000

	Customers #	Revenue ($000)	Sales (GJ)(000)
INVESTOR-OWNED NATURAL GAS UTILITIES			
BC Gas Utility Ltd.			
Lower Mainland Division	529,346	785,486	126,887
Inland Division	206,665	246,566	61,042
Columbia Division	20,982	26,742	7,793
Fort Nelson Division	2,052	2,620	824
Squamish Gas Co. Ltd.	2,321	3,296	371
Centra Gas British Columbia Inc.			
Vancouver Island, Powell River and Sunshine Coast areas	69,468	109,341	27,483
Pacific Northern Gas (N.E.) Ltd.			
Fort St. John Inc.	9,152	15,498	3,564
and Dawson Creek Division	5,734	8,502	1,540
Tumbler Ridge Division	1,164	2,063	806
Pacific Northern Gas Ltd.	23,443	74,847	28,842
Sun Peaks Utilities Co. Ltd.	341	630	54
TOTAL INVESTOR-OWNED	870,668	1,275,591	259,206
INVESTOR-OWNED PROPANE GRID SYSTEM UTILITIES			
BC Gas Utility Ltd.			
Squamish Gas	47	37	3
Revelstoke	1,459	2,090	229
Centra Gas Whistler Inc.	1,938	7,864	681
Pacific Northern Gas Ltd.			
Granisle Grid	172	219	19
Port Alice Gas Inc.	269	328	19
Total Propane Grid Systems	3,885	10,538	951
TOTAL ALL GAS UTILITIES	874,553	1,286,129	260,157

NOTES:

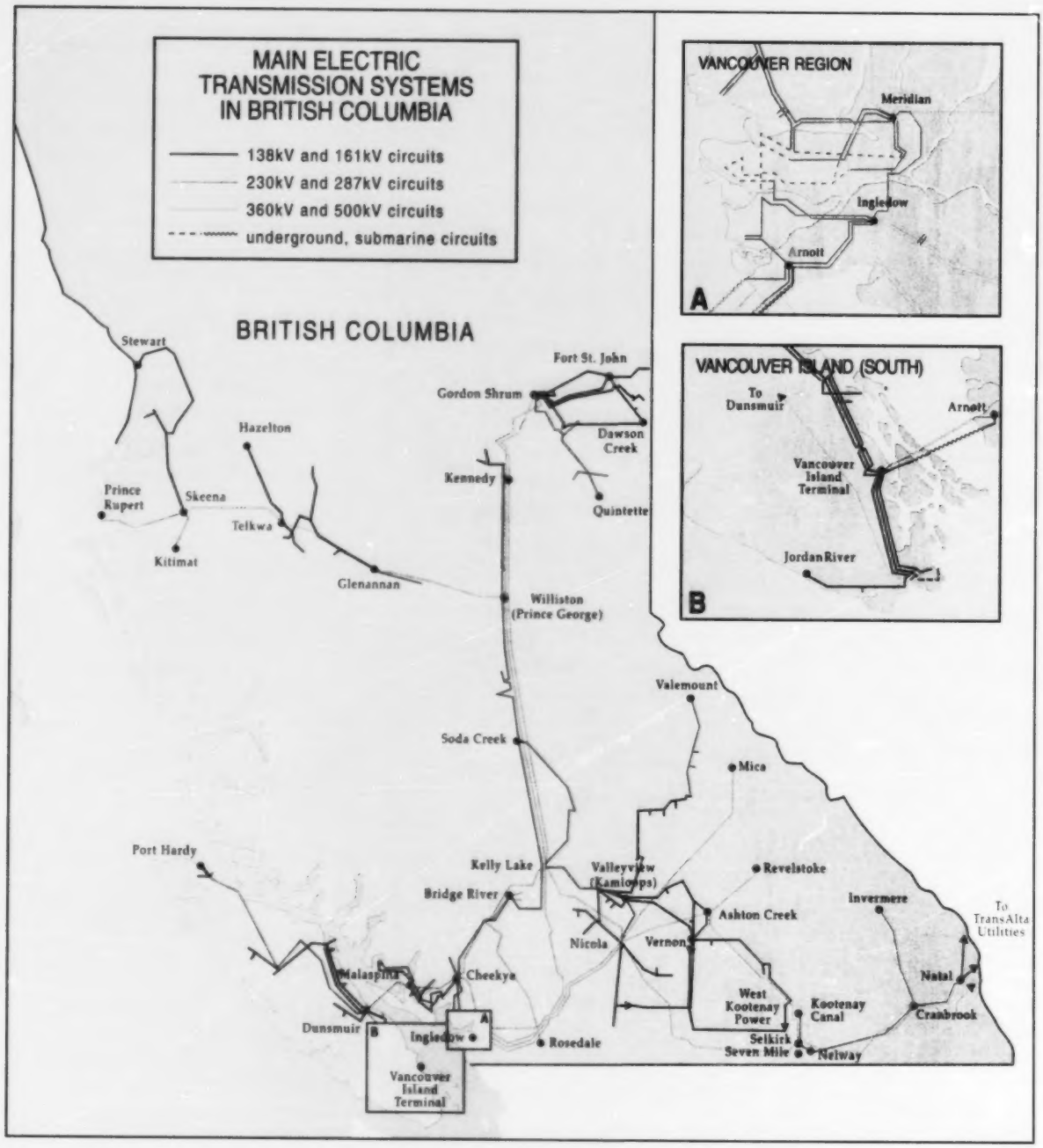
1. 1 gigajoule (GJ) is approximately equivalent to 0.910 mcf (mcf = one thousand cubic feet) or 0.0258 10^3m^3 of natural gas or 0.376 mcf of propane vapour in L.P. gas grid systems.

2. Figures reported are for the 2000 calendar year. Customers reported are as at December 31, 2000.

3. Sales of GJ shown include sales to end-use customers plus gas owned by customers and transported to their industrial operations by utilities.

4. Revenues reported for natural gas utilities include only transportation margins for large industrial customers who have purchased gas supplies directly from producers or aggregators.

Main Electric Transmission and Power Generating Facilities



Gas Utilities in British Columbia
LEGEND
BC Gas Utility Ltd.
Centra Gas British Columbia Inc.
Westcoast Energy Inc.
Alberta Natural Gas Company Ltd.
Pacific Northern Gas Ltd./Pacific Northern Gas (N.E.) Ltd.
Communities served by Centra Gas British Columbia Inc.
Communities served by BC Gas Utility Ltd.
Communities served by Pacific Northern Gas Ltd./ Pacific Northern Gas (N.E.) Ltd.
Port Alice served by Port Alice Gas Inc.
Sun Peaks served by Sun Peaks Utilities Co., Ltd.
Big White served by R334 Enterprizes Ltd.
Silver Star served by Silver Star Mountain Resorts Utilites Ltd.
Sun Rivers served by Sun Rivers Services Corp.
NOTES Squamish Gas Co. Ltd. is a BC Gas subsidiary. Westcoast Energy Inc. and Alberta Natural Gas Company Ltd. are regulated by the National Energy Board.
BRITISH COLUMBIA
Fort Nelson
Pink Mountain
Fort St. John
Hudson Hope
Chetwynd
Dawson Creek
Tumbler Ridge
Mackenzie
Smithers
Granisle
Terrace
Prince Rupert
Houston
Bear Lake
Burns Lake
Fort St. James
Summit Lake
Salmon Valley
Kitimat
Endako
Vanderhoof
Fraser Lake
Shelley
Endako Mines
Prince George
Hixon
Dunkley
Quesnel
Kersley
Williams Lake
150 Mile House
Lac La Hache
100 Mile House
Clinton
Cache Creek
Ashcroft
Port Alice
Highland Valley
Campbell River
Courtenay
Comox
Powell River
Whistler
Sechelt
Squamish
Parksville
Nanaimo
Port Alberni
Ladysmith
Duncan
Victoria
Princeton
Vancouver
Huntingdon
Kingsvale
Savona
Sun Peaks
Sun Rivers
Chase
Kamloops
Kentwood
Armstrong
Logan Lake
Merritt
Westwold
Brenda Mines
Peachland
Lakeview Hts.
Oyama
Winfield
Big White
Kelowna
Naramata
Penticton
Okanagan Falls
Hedley
Summerland
Oliver
Keremeos
Cawston
Tulameen
Osoyoos
Rock Creek
Midway
Greenwood
Grand Forks
Christina Lake
Castlegar
Robson
Nelson
Salmo
Creston
Fruitvale
Montrose
Trail
Fauquier
Revelstoke
Sorrento
Blind Bay
Salmon Arm
Spallumcheen
Grindrod
Enderby
Silver Star
Lumby
Coldstream
Vernon
Kimberley
Cranbrook F.I.
Cranbrook
Jaffray
Fernie
Elkford
Sparwood
Byron Creek
Yahk
Galloway
Fortune

Decisions & Reasons for Decision

West Kootenay Power Ltd.
Certificate of Public Convenience and Necessity
Kootenay 230 kV System Development Project
Decision dated June 5, 2000; Order No. C-10-00

On November 12, 1999, WKP applied for a Certificate of Public Convenience and Necessity to build a number of transmission line and substation upgrades and additions, collectively termed the Kootenay 230 kV System Development Project. Their application also requested that the Commission order certain directions to Cominco, B.C. Hydro and the Columbia Power Corporation in respect of the use and sharing of their facilities and requested the approval of an Alternate Path Transmission Service ("APTS") tariff for the use of the upgraded facilities from South Slocan to Trail (Cominco operations). WKP, through various studies preceding this application, identified a number of System Configuration options, which accomplish the objectives for system planning and reliability. The facilities applied for in this application were termed the system K3 option. WKP also identified a number of route options for the upgraded transmission lines.

The facilities included a series of 230 kV transmission lines from the Kootenay Canal to Brilliant (high option route), Brilliant to Warfield, and Warfield to Waneta. They also included substation upgrades to South Slocan, the Kootenay Canal Plant, Brilliant, Warfield, Waneta, Rosemont and Nelway as well as interconnections from South Slocan to the Kootenay Canal and from Line #71 to the Nelway substation. Other items included communication systems and a feasibility study. The estimated capital costs for these facilities is $109,990,000.

The Commission approved the 230 kV lines between the Kootenay Canal and Brilliant, and Brilliant to Warfield and the substation work for South Slocan, the Kootenay Canal, Brilliant, Warfield, and Rosemont. The estimated capital costs for the approved facilities is between $93 to 100 million (dependent on the outcome of negotiations with CPC/CBT and Cominco).

For the Brilliant Substation, the Commission noted that the most efficient solution would be for WKP and CPC/CBT to share an interconnection and appropriate costs, however the Commission did not have the authority to order this connection and therefore approved WKP to build its own substation if WKP could not reach an agreement with CPC/CBT.

For the Warfield substations (63 kV and 230 kV) and for Warfield line diversions, the Commission directed WKP to continue negotiations with Cominco for an appropriate cost sharing agreement, however the Commission declined to issue specific directions to Cominco as it was confident mutually acceptable solutions were achievable.

The Commission denied approval for the Warfield to Waneta 230 kV transmission line and for substation modifications at Waneta, and declined to make specific directions to Cominco concerning any work at Waneta. However, the Commission recognized that WKP still needs to solve a system constraint left by this denial. The Commission suggested that a preferred solution would include an interconnection with the CPC/CBT Keenleyside to Selkirk line.

The Commission also declined to approve WKP's application for the APTS tariff viewing it as premature and would only be required in the event that a cost sharing agreement with Cominco was unachievable.

The Commission recognized the necessity for the Line # 71 connection to the Nelway substation, however determined that this connection was between Cominco and B.C. Hydro and therefore was not an appropriate part of WKP's application.

As of March 15, 2001, CPC/CBT and WKP have not finalized a cost sharing agreement for the interconnection at the Brilliant substation, however they have reached agreement in principle and are moving forward to submit the expected final agreement to the Commission for approval.

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HUSKY OIL OPERATIONS LIMITED

Application for an Order to Transport Oil on the Plateau Pipeline Ltd. Taylor to Kamloops Crude Oil Pipeline Order No. P-7-00; Reasons for Decision

On July 31, 2000, the Taylor to Prince George crude oil pipeline ruptured near Chetwynd and spilled oil into the Pine River. Plateau Pipe Line Ltd. repaired the pipeline, cleaned up the spill and, on August 23, 2000, the Oil and Gas Commission gave conditional approval to operate the Taylor to Kamloops pipeline at 75% of its certified operating pressure provided that the pipeline was pressure-tested within 12 months.

On August 30, 2000, Husky applied to the Commission for an emergency order requiring Pembina Pipeline Corporation ("Pembina") to provide service as a common carrier on the Taylor to Kamloops crude oil pipeline. Based on information filed by Pembina and Husky and Certificate No. 65 related to the construction and operation of the Taylor to Kamloops pipeline, the Commission concluded that Pembina was a common carrier pursuant to the Pipeline Act. The Commission also concluded that the recent rupture of the pipeline, and evidence that the pipeline had not been pressure-tested for nearly 40 years, was sufficient cause for the pipeline operator to delay restarting the pipeline until a successful hydrotest was completed. Once a successful hydrotest was completed the Commission expected normal service to resume unless there were safety or other operational impediments which the OGC identified.

On September 7, 2000, the Commission ordered that the tolls on the Taylor to Prince George and Taylor to Kamloops pipeline be made interim and required Plateau to file an application for permanent tolls. The matter was set down for a public hearing (Order No. P-10-00 amended by Order No. P-1-01) and the public hearing commenced April 2, 2001 followed by written argument that completed on May 10, 2001. The Commission's Decision is pending.

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Reasons for Decision

CENTRA GAS BRITISH COLUMBIA INC.
1997 and 1998 Revenue Deficiencies and
2000 to 2002 Revenue Requirements
Order No. G-6-00; Negotiated Settlement

On September 10, 1999, Centra Gas applied, pursuant to Section 23 of the Act and Order in Council No. 1510, 1995, for approval of its 1997 and 1998 Actual Revenue Deficiencies and its forecasted 2000 to 2002 Revenue Requirements and Revenue Deficiencies ("the Application") for its Vancouver Island and Sunshine Coast service areas. The forecasted revenue deficiencies result from an increase in the cost of gas and rate base growth, which is required to serve new customers when actual rates are less than the cost of service. Centra Gas subsequently filed a second application for a CPCN to implement and operate a Customer Interface System ("CIS") for customer billing and information purposes ("the CIS CPCN Application").

An Alternative Dispute Resolution process was established to review the Applications, and a Negotiated Settlement was reached.

The Commission, having reviewed the final Negotiated Settlement for Centra Gas' 1997 and 1998 Actual Revenue Deficiencies and the 2000 to 2002 Revenue Requirements and Revenue Deficiencies, approved the Negotiated Settlement.

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BRITISH COLUMBIA HYDRO AND POWER AUTHORITY
Electrochemical Producers Complaint – High Load Factor Electricity Tariff
Order No. G-29-00; Reasons for Decision

On July 8, 1999, CXY Chemicals, BC Chemicals, and Sterling Pulp Chemicals ("the Electrochemical Producers") filed a complaint and requested the Commission to instruct B.C. Hydro to establish a process to consider a tariff tailored to the characteristics of high load factor, energy intensive industries. Under Section 83 of the Act, if a complaint is made to the Commission, it has powers to determine whether to convene a hearing or inquiry, "and generally whether any action on its part is or is not to be taken."

A process of review of this complaint and related issues proceeded through February 2000, during which the original complaint became subsumed in a larger issue of industrial rate design and new industrial service options. On February 3, 2000, the Provincial Government announced the continuation of the rate freeze until September 30, 2001.

The demand and energy charges in the "Rates" section of Rate Schedule 1821 are frozen for all Transmission Service customers. Whether a new high load factor, energy intensive rate schedule could be developed under the existing Tax and Consumer Rate Freeze Act and Regulation for a subset of Rate Schedule 1821 customers would probably depend on the extent to which the new service differed from the service offered under Rate Schedule 1821. The Commission was not prepared to pursue the development of a high load factor, energy intensive rate schedule when the rate freeze clearly prohibits changes to the demand and energy charges paid by customers who remain on

Rate Schedule 1821. A revenue-neutral rate design review of Rate Schedule 1821 would have merit only if the new legislation extending the freeze enabled changes to these demand and energy charges.

The Commission, having reviewed all of the information provided by the participants to the review process, determined that it would take no further action on the complaint unless the proposed new rate freeze legislation provided for a general rate redesign of Rate Schedule 1821.

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CENTRA GAS WHISTLER INC.
2000 Revenue Requirements
Order No. G-35-00; Negotiated Settlement

On December 21, 1999, Centra Whistler applied to recover a projected revenue deficiency of $1,009,879 by a rate increase of $1.502 per gigajoule effective January 1, 2000. An interim rate increase was approved, effective January 1, 2000, and an Alternative Dispute Resolution process was held that resulted in a settlement agreement between Centra Whistler and Commission staff regarding Centra Whistler's 2000 revenue requirements and the 1999 Propane System Expansion Plan.

The Commission approved the Centra Whistler Settlement Agreement, which included a 2000 revenue deficiency of $996,585 that resulted in an increased energy charge for all customers of $1.42 per gigajoule, approximately 16.28%, effective January 1, 2000. Centra Whistler was directed to refund any overpayments that resulted from the interim rates, with interest.

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PACIFIC NORTHERN GAS LTD.
2000 Revenue Requirements
Order No. G-37-00; Negotiated Settlement

On December 1, 1999, PNG-West filed its 2000 Revenue Requirements Application to increase rates on an interim and final basis, effective January 1, 2000. As part of its application, PNG-West included a revenue deficiency for the additional cost associated with the accrual of its Other Post Employment Benefits as required under Generally Accepted Accounting Principles ("GAAP"), effective January 1, 2000, and for the income tax gross-up because the pay-as-you-go/cash basis is used to determine current income tax expense.

An interim rate increase was approved, effective January 1, 2000, and a Negotiated Settlement Process was held that resulted in a proposed Settlement Agreement which included the comment: "All of the parties agree to a variance from GAAP to allow post-retirement benefits to be recorded on a cash basis." The Settlement Agreement was released to the public and the Commission Panel on March 17, 2000.

Upon review of the Settlement Agreement the Commission approved the PNG-West Settlement Agreement, and directed the utility to follow an interpretation of the Uniform System of Accounts to account for Other Post Employment Benefits on the pay-as-you-go/cash basis.

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PACIFIC NORTHERN GAS (N.E.) LTD.
2000 Revenue Requirements
Fort St. John/Dawson Creek and Tumbler Ridge Divisions
Order No. G-45-00; Negotiated Settlement

On December 1, 1999, PNG (N.E.)-Fort St. John/Dawson Creek and Tumbler Ridge Divisions filed its 2000 Revenue Requirements Application to increase rates on an interim and final basis, effective January 1, 2000. An interim rate increase was approved, effective January 1, 2000, and a Negotiated Settlement Process was established. The resulting Settlement Agreement was released to the public and the Commission Panel on April 13, 2000.

Following a review of the Settlement Agreement, the Commission approved the following rates and directed PNG (N.E.) to follow an interpretation of the Uniform System of Accounts to account for Other Post Employment Benefits on the pay-as-you-go/cash basis. More than 85% of the annual cost increase to a typical residential customer is a result of higher natural gas commodity costs.

	Tumbler Ridge	Fort St. John	Dawson Creek
Residential Rates			
Monthly Fixed Charge	$8.50	$7.00	$7.00
Delivery Charge/GJ Gas	$3.029	$1.880	$1.682
Commodity Charge/GJ	$2.765	$3.261	$3.261
Small Commercial Rates			
Monthly Fixed Charge	$8.50	$7.00	$7.00
Delivery Charge/GJ Gas	$2.856	$1.745	$1.208
Commodity Charge/GJ	$2.765	$3.173	$3.173

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PORT ALICE GAS INC.
2000 Revenue Requirements
Order No. G-67-00; Reasons for Decision

On February 9, 2000, Port Alice Gas filed a 2000 Revenue Requirements Application to increase rates on an interim and final basis, effective January 23, 2000. The Application proposed to increase rates to all customers to recover a cost of service revenue deficiency, excluding the cost of propane, for the 1999/2000 fiscal year ending October 31, 2000. The Application also requested approval to unbundle the utility's propane rate to charge the monthly contract cost of propane per gigajoule as a separate item from the utility cost of service per gigajoule.

An interim rate increase was subsequently approved (Order No. G-18-00) effective January 23, 2000, subject to refund with interest. The proposed unbundling of the propane rate as requested in the Application was also approved.

Following the written hearing process, the Commission approved a Test Year revenue deficiency of $24,686 that resulted in final rates for all customers of $6.00 per month basic charge and a $7.3156/GJ facilities charge commencing January 23, 2000. Port Alice Gas was directed to refund to customers the difference between the interim rates and the permanent rates, plus interest on consumption from January 23, 2000 to the billing date at time of refund.

In its Reasons for Decision the Commission determined that in order for Port Alice Gas to be a going concern, full cost recovery and a fair return on equity were necessary prerequisites. However, the cost of alternatives to a propane distribution grid system is a constraint on customer rates. The utility initiated discussions with the Village of Port Alice to encourage a reduction in wood burning to reduce air pollution and to reduce costs by supplying services such as billing and collection. Port Alice Gas is to address these outstanding issues and the potential impact of higher rates upon demand in its next rate or rate design application.

The Commission also determined that the prospect of Port Alice Gas recovering a full return on equity in this fiscal year was unlikely, given that the new rates have been in place for only part of the year and that there is an expected shortfall in sales volumes. Therefore, the revenue requirement return on equity was not adjusted as the actual return for the period is expected to be below 11.25%.

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BC Gas Utility Ltd.
Cost Allocation Application for the Southern Crossing Pipeline
Order No. G-74-00; Reasons for Decision

On April 3, 2000, BC Gas applied for approval of the allocation of costs arising from the Southern Crossing Pipeline ("SCP") project. BC Gas sought the requisite authorization and orders to implement rates as proposed in the Application, effective January 1, 2001.

Commission Order No. G-53-00 established a two-part process to deal with the Application. Phase 1 would establish a cost allocation method for the incremental SCP cost of service and to determine the relative amount of SCP delivery margin to be recovered in rates. Phase 2 would be initiated by a second rate design application to be filed in early 2001 and would review issues such as the absolute and relative level of rates and rate structures, revenue to cost ratios and modifications to its terms and conditions of service.

The Part 1 Negotiated Settlement Process commenced on June 27, 2000 to deal with third-party access to SCP capacity and the related issue of what proportion of SCP costs would be placed into delivery margin versus commodity costs. A Settlement Agreement Proposal was reached and subsequently approved by the Commission.

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BC Gas Utility Ltd.
Cost Allocation Application for the Southern Crossing Pipeline
Order No. G-75-00; Reasons for Decision

Following approval of the Settlement Agreement stated above, the Commission reviewed the requests of two participants, representing the Inland Industrials and the Lower Mainland Large Gas Users, that the Part 2 oral public hearing be adjourned. The participants proposed dealing with Part 2 issues in combination with the broader rate design issues in a single comprehensive rate design proceeding in early 2001. The Inland Industrials also suggested that the Commission should implement the equal percentage increase to delivery margins proposed by BC Gas on an interim basis effective from January 1, 2001, and the Lower Mainland Large Gas Users stated that BC Gas' rates should be made interim effective January 1, 2001.

Comments on the proposal to adjourn the Part 2 oral public hearing and implement interim rate increases based on the equal percentage increase to delivery margins proposed by BC Gas were requested, and comments were received from the Consumers' Association of Canada (B.C. Branch) et al. and BC Gas.

Upon consideration of the proposal and the comments received, the Commission adjourned the Part 2 oral public hearing for the BC Gas SCP Cost Allocation Application (established in Order No. G-53-00) and cancelled the Regulatory Timetable. BC Gas was directed to file a comprehensive rate design application by the end of January 2001. This application was filed on February 5, 2001 and a Workshop and Pre-hearing Conference were held to discuss procedural matters such as the completeness of the Application, timing of the proceeding, and the proposal by BC Gas to undertake a Negotiated Settlement Process in February 2001 (Order No. G-21-01). At the pre-hearing conference, participants requested that Commission staff retain an independent cost of service expert to validate the BC Gas cost of service study. The Commission has directed its staff to retain such a consultant and established a timetable for comments on further process from intervenors and after participants following distribution of the consultant's report.

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BC Gas Utility Ltd.
Market-Based Commodity Prices for Rate Schedules 7, 10, and 14 for the Gas Contract Year 2000/2001
Order No. G-83-00; Reasons for Decision

On August 8, 2000, BC Gas applied to the Commission for approval of Market-Based Commodity Pricing for Rate Schedule 7- General Interruptible Service, Rate Schedule 10-Large Volume Interruptible Sales, and Rate Schedule 14-Term and Spot Gas Sales, for the gas contract year commencing November 1, 2000 (the "Application"). The BC Gas Inc. Phase A Rate Design Decision anticipated that surplus or "valley" gas that is available under baseload contracts would be sold to interruptible customers, and stated that the interruptible sales should be priced in such a way as to maximize the benefit to the core market (i.e., BC Gas firm sales customers). Following the receipt of submissions from interested parties, BC Gas filed a Revised Application.

Upon review of the Revised Application and the submissions, the Commission approved the commodity-based pricing arrangements for Rate Schedules 7, 10, and 14, as follows:

Rate Schedule 7 Market-Based Commodity Pricing

Fixed Price Option:	Rate Schedule 5 Gas Cost Recovery Charge
Index Price Option:	Daily Index price, plus $0.09/GJ

Rate Schedule 10 Market-Based Commodity Pricing

Daily Index Option:	Daily Index price
Monthly Index Option:	Monthly Index price, including a 3% discount during November through March, and a commitment by the customer to purchase a daily Contract Demand quantity when gas is available.

Rate Schedule 14-Firm Term and Spot Sales

Market-Based Commodity Pricing as set out in BC Gas' application, except that the Gas Management Fee will continue to be $0.02 to $0.08/GJ and the description of Market Factor in subsection 2.2(vii) will be made consistent with the narrative material in the Revised Application. Approval of Rate Schedule 14 is conditional upon BC Gas recovering the cost of gas sold. BC Gas is to file a report within 30 days of the end of each month that summarizes costs and revenue related to Rate Schedule 14 sales and sets out the calculation of the Market Factor for the month.

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BC Gas Utility Ltd.

Gas Supply Mitigation Incentive Program for 2000/01
Order No. G-106-00; Negotiated Settlement

As part of its May 5, 1997 Revenue Requirements application for 1998 to 2002, BC Gas filed a revised incentive plan. During the Alternative Dispute Resolution process, it was agreed by all parties to deal with the form of gas cost incentive plan(s) that would succeed the Off-System Incentive Program in separate meetings. Order No. G-125-97 approved a Gas Supply Mitigation Incentive Program ("GSMIP") for the 1997/98 gas contract year, Order No. G-92-98 approved a GSMIP for 1998/99 and Order No. G-82-99 approved a GSMIP for 1999/2000.

In 2000 Commission staff, BC Gas and Intervenors held a series of negotiating meetings concerning a gas supply mitigation incentive plan for the 2000/01 gas contract year, and reached agreement on the methodology, terms and conditions as set out in the Settlement document ("GSMIP 2000/01").

A copy of the GSMIP 2000/01 Settlement was distributed to the Commission and participants in the revenue requirements proceeding. The only comment received was from the British Columbia Public Interest Advocacy Centre, which supported the GSMIP 2000/01 Settlement on behalf of its clients. The Commission approved the BC Gas 2000/01 Gas Supply Mitigation Incentive Program for the gas contract year from November 1, 2000 through October 31, 2001.

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Centra Gas British Columbia Inc.

Extension of the Transportation Service Agreement with Island Cogeneration Limited Partnership
Order No. G-112-00; Reasons for Decision
Order No. G-34-01; G-43-01; G-53-01

On May 8, 2000, Centra Gas filed a Gas Transportation Service Agreement with the Island Cogeneration Limited Partnership ("ICLP") for the supply of natural gas during the start-up and commissioning phase of the cogenerator at Campbell River. The Agreement was approved, subject to amendment to incorporate certain conditions, by Order No. G-61-00 for the period April 7, 2000 to December 31, 2000. Thereafter, Centra Gas and ICLP entered into the First Amendment Agreement dated July 24, 2000 to incorporate the conditions into the TSA.

On November 8, 2000, Centra Gas applied to the Commission for approval of the Second Amending Agreement to the Agreement to revise the charges under the Agreement and extend the term of the Agreement to the earlier of the Commercial Operation Date or March 31, 2001. The Commission considered the Application and other submissions and determined that the extension should be granted (Order No. G-112-00).

On March 12, 2001, Centra Gas applied to the Commission for approval of an Amended and Restated Transportation Service Agreement that would provide interruptible transportation service to ICLP from April 1, 2001 until the earlier of the Commercial Operation Date or June 30, 2002. In response to requests from other parties for more time to review the application, the Commission set dates for commenting on the filing and extended the term of the Transportation Service Agreement that had been approved by Order No. G-112-00 to March 31, 2001, then extended one month to April 30, 2001 (Order No. G-34-01) and a further two months to June 30, 2001 (Order No. G-43-01).

On May 4, 2001, B.C. Hydro applied to the Commission for approval of a Capacity Assignment Agreement between B.C. Hydro, Centra Gas and BC Gas. On May 7, 2001, Centra Gas filed material supporting transportation service agreements to serve cogeneration loads on its transmission system. Following a May 9, 2001 meeting, convened by Commission staff with all parties, Order No. G-53-01 was issued, which established a written hearing into the matter and set out a Regulatory Agenda and Timetable. The regulatory process is currently underway.

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West Kootenay Power Ltd.
2000 Annual Review and
Preliminary 2001 Revenue Requirements and Incentive Mechanism Review
Order No. G-130-00; Negotiated Settlement

The terms of the November 22, 1999 Settlement Agreement established an amended rate adjustment mechanism for the period beginning January 1, 2000 and ending December 31, 2002, and requires that an Annual Review process be instituted, whereby the public will be invited to examine the filed material, submit other issues for determination by the Commission, and meet to review all issues prior to the final rate application being made.

The Annual Review was held in Kelowna, B.C., and WKP's performance in 2000 was also reviewed against each of the standards agreed to in the 1998 Settlement Agreement, as amended in the 1999 and 2000-2002 Settlement Agreements, in order to determine whether WKP has earned its incentive adjustments.

On December 19, 2000, WKP filed its Application for a general rate increase of five percent for all customer classes, effective January 1, 2001, in accordance with Commission Order No. G-134-99 (1999 Settlement Agreement). The Application included a preliminary incentive variance of $563,000, to be shared 50/50 between WKP and the ratepayer if WKP meets its performance standards for 2000.

Following the review of the revenue requirement material, the December 19th general increase application, participant submissions, and all other supporting documentation, the Commission approved a general rate increase of 5% for all customer classes, effective January 1, 2001. The Commission determined that as WKP had not met its performance standards in accordance with the Incentive Sharing Mechanism that the Utility had not earned its portion of the preliminary sharing adjustment for 2000. The recovery of retroactive costs incurred in accordance with the Cominco Ltd. Long Term Power Supply Agreement was accepted.

Bypass Rate Applications for British Columbia Hydro and Power Authority

The following bypass applications were approved pursuant to the Commission's Bypass Rate Guidelines:

- **Northwood Inc.**
  Letter dated November 4, 1999

On October 28, 1999, Northwood Inc. proposed to extend power lines from Canadian Forest Products' ("Canfor") substation to two other Northwood mills near Prince George, which were soon to be purchased by Canfor. B.C. Hydro provided its incremental cost of service to the Commission on November 4, 1999. B.C. Hydro's calculation showed that its incremental cost of service was greater than cost of the proposed bypass facility. The Commission determined in accordance with the Bypass Rate Guidelines that if Northwood proceeds with the construction of the lines, then B.C. Hydro should offer service to the mills under Rate Schedule 1821. The power lines were constructed on budget and the mills began to take service under Rate Schedule 1821 in the spring of 2000.

- **Consumers' Glass**
  Letter No. L-1-00, dated January 6, 2000

Consumers' Glass proposed to build a new substation at its Lavington, B.C. plant and applied to be served under B.C. Hydro's Rate Schedule 1821. Upon review of Consumers' Glass cost estimate and B.C. Hydro's incremental cost of service estimate, the Commission agreed with both parties that should Consumers' Glass build the bypass facilities, then B.C. Hydro should offer service to the Lavington plant under Rate Schedule 1821. The substation was expected to be energized in August of 2000.

- **Tolko Industries Ltd.**
  Letter dated April 4, 2000

Tolko Industries proposed to construct a new substation on its property in order to be eligible to take service under B.C. Hydro's Rate Schedule 1821. Upon review of Tolko Industries' cost estimate, B.C. Hydro's incremental cost of service estimate, and the revised cost estimate provided by Tolko Industries on February 22, 2000, the Commission agreed with both parties that should Tolko Industries' build the bypass facilities, then B.C. Hydro should offer service under Rate Schedule 1821. Tolko is to take service under Rate Schedule 1821 during the spring of 2001.

- **Canadian Forest Products Ltd.**
  Order No. G-51-00, dated May 16, 2000

In December 1999, Canadian Forest Products-Chetwynd Division, ("Canfor Chetywnd") filed an application to construct a new substation on its property. Subsequently, it entered into negotiations with B.C. Hydro for a bypass rate. On April 17, 2000, B.C. Hydro applied to the Commission for approval a Special Service Agreement for a bypass rate with Canfor Chetywnd in accordance with the Bypass Rate Guidelines. Commission Order No. G-51-00 approved the rate bypass agreement between the parties.

- **International Forest Products Limited**
  Letter dated June 15, 2000

Interfor proposed to construct a new substation at its Western WhiteWood Division Plant in New Westminster and applied to be served under B.C. Hydro's Rate Schedule 1821. Upon review of Interfor's cost estimate, and B.C. Hydro's incremental cost of service estimate, the Commission agreed with both parties that should Interfor build the bypass facilities, then B.C. Hydro should offer service under Rate Schedule 1821. Interfor did not proceed with the construction of the substation in 2000.

- **Lignum Ltd.**
  Letter No. L-38-00, dated July 27, 2000

Lignum proposed to construct a new substation on its existing mill site and jointly applied with Riverside Forest Products Limited ("Riverside") to construct a transmission line in Williams Lake to their respective mill sites. Initially, the Commission recommended that Lignum and Riverside should attempt to negotiate a bypass rate with B.C. Hydro since the utility's cost of service estimate was considerably lower than Lignum's first estimate. As a result of subsequent correspondence from Lignum and Riverside, the Commission met with B.C. Hydro, Lignum and Riverside to discuss the implications of the cost information submitted, and to identify any other costs that could affect B.C. Hydro's incremental cost calculations, and if there were any other project benefits that may provide additional support for the Lignum/Riverside proposal. Following this meeting, Lignum and B.C. Hydro submitted revised incremental cost estimates for consideration. Lignum and Riverside also clarified that each company intended to build a substation and to jointly build the transmission line to connect and take service from B.C. Hydro.

Upon review of the revised incremental cost of service estimates and B.C. Hydro's responses to a staff information request, the Commission agreed with both parties that should Lignum build the bypass facilities, then B.C. Hydro should offer service under Rate Schedule 1821. It is anticipated that Lignum and Riverside 's facilities would be energized in the summer of 2001.

- **Richmond Plywood Ltd.**
  Letter dated August 10, 2000

Richmond Plywood proposed to construct a new substation in the corner of its property so that it may take service under Rate Schedule 1821. The Commission requested B.C. Hydro to provided its incremental cost calculation by July 21, 2000. The utility's incremental cost of service calculation was significantly less than the customer's cost to construct the proposed substation. In accordance with the Bypass Rate Guidelines, the Commission determined that Richmond Plywood should not construct its proposed substation but instead negotiate a bypass rate with B.C. Hydro. Negotiations between B.C. Hydro and Richmond Plywood are ongoing.

- **Riverside Forest Products Limited**
  Letter No. L-42-00, dated August 31, 2000

Riverside proposed to construct a substation on its existing mill site at 110 Hodgson Road in Williams Lake and to jointly construct a transmission line with Lignum Ltd. As previously noted in the Lignum review (above), the Commission initially recommended that Riverside and Lignum negotiate a bypass rate with B.C. Hydro. As a result of the Commission's meeting with B.C. Hydro, Lignum and Riverside, Riverside's supporting information and B.C. Hydro's incremental cost calculations of August 8, 2000, the Commission agreed with both parties that should Riverside build the bypass facilities, then B.C. Hydro should offer service under Rate Schedule 1821.

- **Nechako Lumber Co. Ltd.**
  Letter No. L-44-00, dated September 7, 2000

Nechako Lumber proposed to construct a substation at its Vanderhoof facility and applied to be served under B.C. Hydro's Rate Schedule 1821. Upon review of Nechako Lumber's cost estimate and B.C. Hydro's incremental cost of service estimate, the Commission agreed with both parties that should Nechako Lumber build the bypass facilities, then B.C. Hydro should offer service to the Vanderhoof facility under Rate Schedule 1821. A permanent substation is expected to be in place by the end of the winter of 2001.

- **Apollo Forest Products Ltd.**
  Application dated September 8, 2000

Apollo proposed to construct a new substation on its property located outside of Fort St. James. Commission staff reviewed the application and requested B.C. Hydro to provide its incremental cost calculation to serve the customer at transmission service under Rate Schedule 1821. Several rounds of correspondence were required to clarify the information needed to perform the calculation. B.C. Hydro provided its calculation on January 16, 2001. The Commission has requested that Apollo and B.C. Hydro provide additional comments on the calculation before the Commission makes a decision on the application.

Exemptions

There are two types of exemptions from the provisions of the *Utilities Commission Act;* Section 22 Ministerial exemptions and Section 88 Commission exemptions.

Section 22-Ministerial Exemptions

Section 22 of the Act was amended in July of 1998 to allow the Minister to exempt from the provisions of Section 71, by order, persons entering into energy supply contracts for the provision of electricity. A number of Ministerial Orders (described below) have subsequently been issued for the exemption of electricity contracts and facilities:

- **M-22-9801** (M297, dated August 28, 1998) exempts from Commission review, contracts entered into by B.C. Hydro or Powerex for electricity before March 31, 2000. It also exempts the projects supplying the electricity from regulation as public utilities (Part 3).

- **M-22-9801-A1** (dated March 30, 2000) – extends M-22-9801 to September 30, 2001.

- **M-22-9802** (M374, dated November 18, 1998) exempts Island Cogeneration Limited Partnership, Fletcher Challenge Canada Limited (and its subsidiaries Fletcher Challenge Canada Pulp Operations Ltd. and Elk Falls Forest Industries Limited), their successors and assigns, as well as any equipment, facility, plant, project or system of such persons from all provisions of Part 3 of the Act solely for the purposes of the September 29, 1998 Agreement.

- **M-22-9803** (M376, dated November 25, 1998) exempts from Commission review, various contracts and projects in the Columbia Basin, including the Waneta upgrade, the Purcell project and the Keenleyside project, Cominco, the Columbia Power Corporation ("CPC"), the Columbia Basin Trust ("CBT") and joint ventures with CPC and CBT for purchases and sale of electricity and coordination.

- **M-22-0001** (M337, dated October 3, 2000) – rescinded M-22-9803 above, and exempted CPC and CBT, the Brilliant Project, the Brilliant Expansion Project and the Waneta Expansion Project from Part 3 and Section 71 of the Act in respect of the sale, purchase or production of power. Also exempted persons, other than CPC/CBT and Cominco, from Section 71 of the Act in respect of Energy Supply Contracts for the purchase of CPC/CBT Power Service and the production and sale of Waneta Upgrade Power Service.

- **M-22-0002** (dated December 18, 2000) exempts the Port Alberni Generation Plant, its developers, related facilities and energy supply contracts from regulation by the Commission under Part 3 and Sections 45, 46, 47 and 71 of the Act.

- **M-22-0002-A** (M28, dated January 24, 2001) British Columbia Hydro and Power Authority: exemption from Sections 45, 46 and 47 of the Act for the purposes of constructing, owning and operating the Project (installation of a fourth unit at the Seven Mile hydroelectric generating station on the Pend d'Oreille River), including any equipment, appliances, safety devices, facilities, plant system or system extensions B.C. Hydro may construct, own or operate in connection with the Project.

- **M-22-0101** (M26, dated January 30, 2001) Pacifica Power Co. Ltd.: exempts Powell River Energy Inc., Maclaren Energy Management Services Inc. and Pacifica's Power Facilities from Part 3 of the Act in respect of the production and sale of: (i) the power service to any of Pacifica and Pacifica Papers Co. Limited Partnership, and their affiliates, successors or assigns that acquire a controlling interest in the Mill, for use in the Mill; (ii) surplus power to public utilities and Wholesale Customers; and (iii) surplus power to the Partnership for marketing and sale to public utilities and to Wholesale Customers.

- **M-22-0102** (M160, dated April 10, 2001) exempts Columbia Basin Trust, Columbia Power Corporation, the Kootenay River Power Service, and the Kootenay River Projects from regulation under Part 3 and Section 71 of the Act in respect of the sale, purchase or production of Kootenay River Power Service. Persons, other than CBT and CPC, are also exempt from Section 71 of the Act in respect of Energy Supply Contracts for the purchase of Kootenay River Power Service. (Note: these exemptions do not take effect until the Commission approves the various agreements that are under Commission review and the agreements are executed.)

Section 88 – Commission Exemptions

The Commission has a higher level of involvement in granting Commission exemptions. Unlike Ministerial exemptions, Commission exemptions may exempt a utility from any provision of the Act, apart from Section 22.

The Commission has developed a specific practice to issue Section 88 exemptions. First, the utility applies to the Commission for an exemption from regulation with respect to a particular activity, project, or agreement. The Commission staff then assesses the application and makes a recommendation to the Commission. If the Commission agrees with the application in principle and decides that an exemption will not jeopardize the public interest, it requests approval from cabinet. By order of the Lieutenant Governor in Council, cabinet formally approves the exemption. Finally, the Commission issues its own order granting an exemption under Section 88(3).

The following Commission exemptions from regulation were granted under Section 88(3) of the Act in 2000.

- **JJH Equipment Trust**
  Order No. G-99-00 / Order in Council No. 1397, 2000

Exemption covering the Jedney I, Jedney II and Highway gas transportation and processing facilities from Part 3 of the Act, other than Sections 24 and 25.

- **Coastal Canada Field Services Limited Partnership**
  Order No. G-97-00 / Order in Council No. 1303, 2000

Exemption covering all pipelines, plant and related facilities in the Caribou area of northeastern British Columbia, from Part 3 of the Act, other than Sections 24 and 25.

- **Canadian Midstream Services Ltd.**
  Order No. G-96-00 / Order In Council No. 1302, 2000

Exemption covering all pipelines, plant and related facilities in the Peggo, Midwinter and Tooga area, from Part 3 of the Act, other than Sections 24 and 25.

Performance Indicators

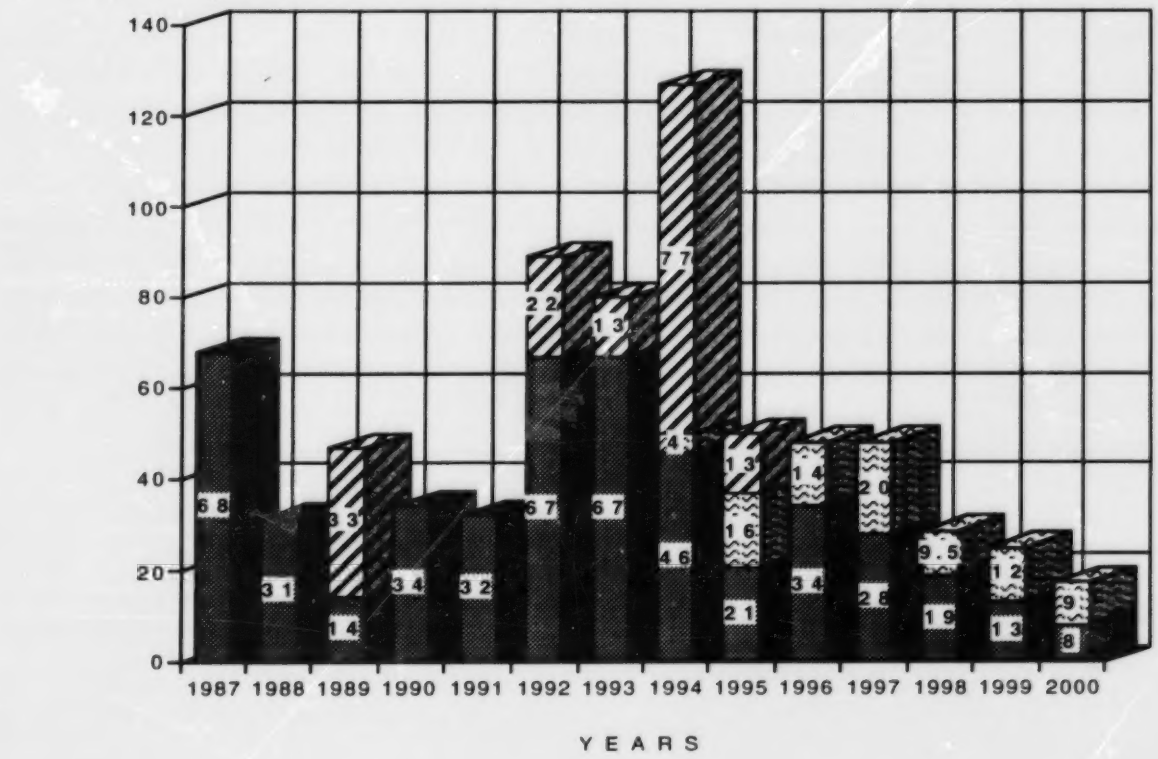
Proceeding Days Summary

Applicant	Application	Pre-hearing Conference	Workshop	ADR	Public Hearing	Total Days
PNG	Revenue Requirements	1		3		4
PNG (N.E.)	Revenue Requirements	1		2		3
BC Hydro	Industrial Complaint Rate Review					
BC Hydro	Industrial Service Options		1			1
WKP	CPCN Application Kootenay 230 kV System Development	.5	.5		8	9
PLP	Princeton Substation	.5	.5			1
Centra Whistler	Revenue Requirements	.5	.5	1		2
BC Gas	Cost Allocation for the Southern Crossing Pipeline	.5	.5	3		4
TOTAL DAYS		**4**	**3**	**9**	**8**	**24**

Hearing and Alternative Dispute Resolution Days

The Negotiated Settlement Process is part of the Commission's efforts to improve the quality and efficiency of its regulatory process. Use of the Negotiated Settlement Process, which is also referred to as Alternative Dispute Resolution, requires considerable staff work before, during and after the negotiations. Updated "Negotiated Settlement Process: Policy, Procedures and Guidelines" were issued on January 23, 2001 (Letter No. L-3-01), the product of a review which began in October 1999 and culminated in the comments and submissions received from interested parties.

The number of public hearing days fell in 2000, primarily due to the use of Alternative Dispute Resolution, the use of formulas for setting ROEs, and multi-year performance based rate setting (see chart). Matters referred to the Commission by the Lieutenant Governor in Council can have a dramatic affect on the number of hearing days; for example, in 1994 the Kemano Completion Project was reviewed over 77 hearing days.



Customer Complaints and Inquiries

Inquiries from Utility Customers concerning Terms and Conditions, Quality of Service, Rate Increases, Billing, Payment Requirements, Disconnections, etc.

An important aspect of the Commission's mandate is to apply regulation in a manner that reflects fair, consistent and clearly enunciated standards. Commission staff are available to assist the public in dealing with regulated utilities so that problems and inquiries are handled in a prompt, helpful and efficient manner.

Most complaints and inquiries are resolved through discussions between the customer and the utility concerned. Unresolved issues are referred to the Commission. To facilitate communication between the Commission and the customers of regulated utilities wishing to file complaints or have points clarified, toll-free calling from anywhere in the Province is available. The number of complaints and inquiries in 2000 increased to 2,849 from 554 in 1999. Most of the increase was attributable to 2,665 complaints associated with the increases in the commodity cost of natural gas.

For each natural gas utility shown in the following summary, the number of rate increase complaints and inquiries to the Commission increased dramatically. For each utility cost of gas increase and in response to these customer calls, letters and inquiries, the Commission prepared a detailed information package that helped explain why commodity charges for gas had increased to unprecedented levels. The package included a detailed letter explaining why the commodity cost of gas had increased, a Commission News Release, a Backgrounder prepared by staff, a comparative rates table for residential consumption, and a summary in a Question and Answer format on higher natural gas rates.

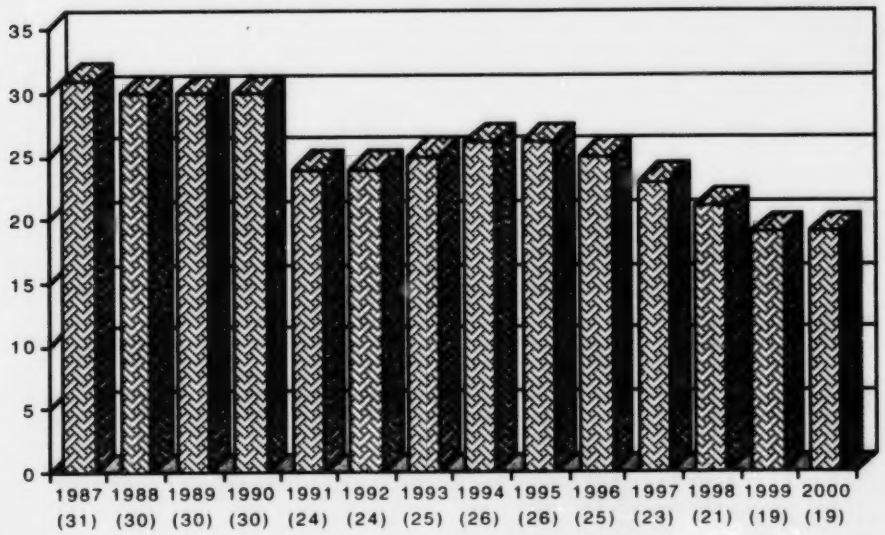
The response to the information package was quite favourable and allowed the Commission's limited staff to deal with other formal complaints in an efficient manner.

Summary of 2000 Customer Complaints and Inquiries

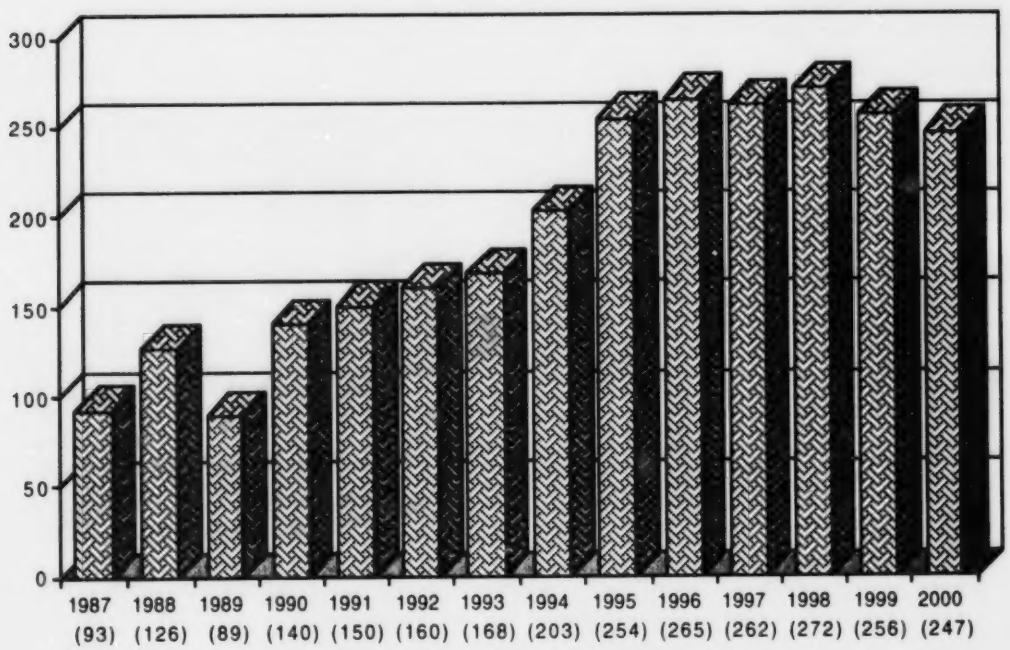
BC Gas Utility Ltd.		2,120
General Complaints	43	
Equal Payment Plan	36	
Commodity Cost of Gas Increases:		
- January 1, 2000	98	
- July 1, 2000	598	
- January 1, 2001 (received in 2000 calendar year)		
~ Customers	1,282	
~ Municipalities	63	
British Columbia Hydro and Power Authority		32
Centra Gas British Columbia Inc.		52
General Complaints	25	
Commodity Cost of Gas Increases:		
- January 1, 2000	7	
- July 1, 2000	20	
Hemlock Valley Electrical Services Limited		4
Pacific Northern Gas Ltd.		114
General Complaints	7	
Commodity Cost of Gas Increases:		
- January 1, 2000	3	
- July 1, 2000	13	
- January 1, 2001 (received in 2000 calendar year)	91	
Pacific Northern Gas (N.E.) Ltd.		499
General Complaints	9	
Commodity Cost of Gas Increases		
- January 1, 2000	1	
- July 1, 2000	62	
- January 1, 2001 (received in 2000 calendar year)	427	
Silversmith Light and Power Corporation		2
West Kootenay Power Ltd.		26
- General Complaints	18	
- 1999 Power Surge	8	
TOTAL 2000 COMPLAINTS/INQUIRIES		**2,849**

Staffing Levels

Since the 1980s Commission staffing levels have decreased while the number of Orders issued continued to rise.

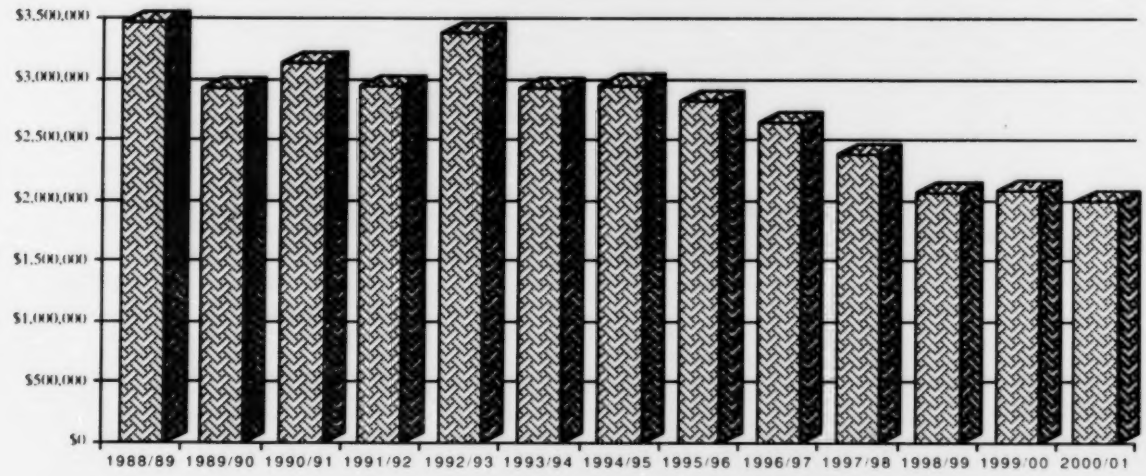


Orders Issued



Commission Expenditures

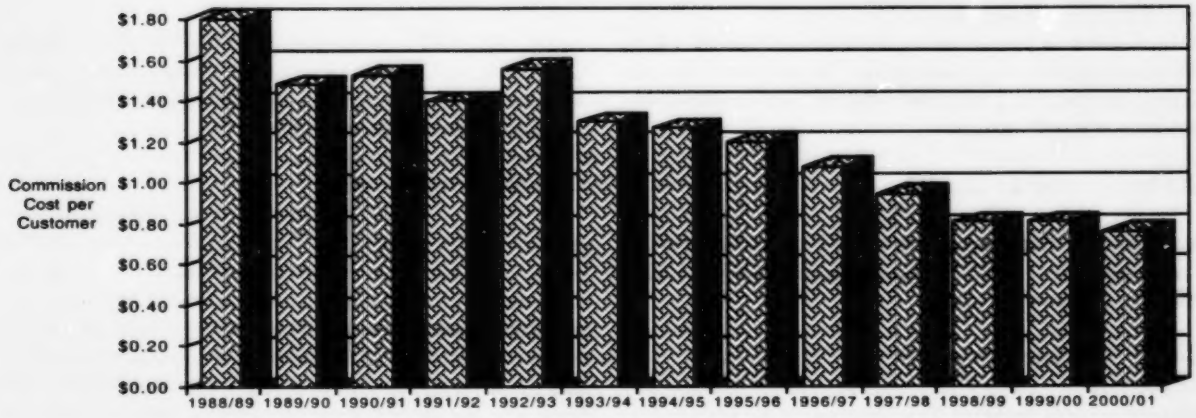
For the past ten years, the Commission's budget has trended downward in real terms. Expenditure reductions are associated with reduced fees for legal counsel, consultants, part-time commissioners, and court reporters. The Commission's actual expenditures (unaudited) in 2000/01 were $2,267,174.74.



(1992 $)

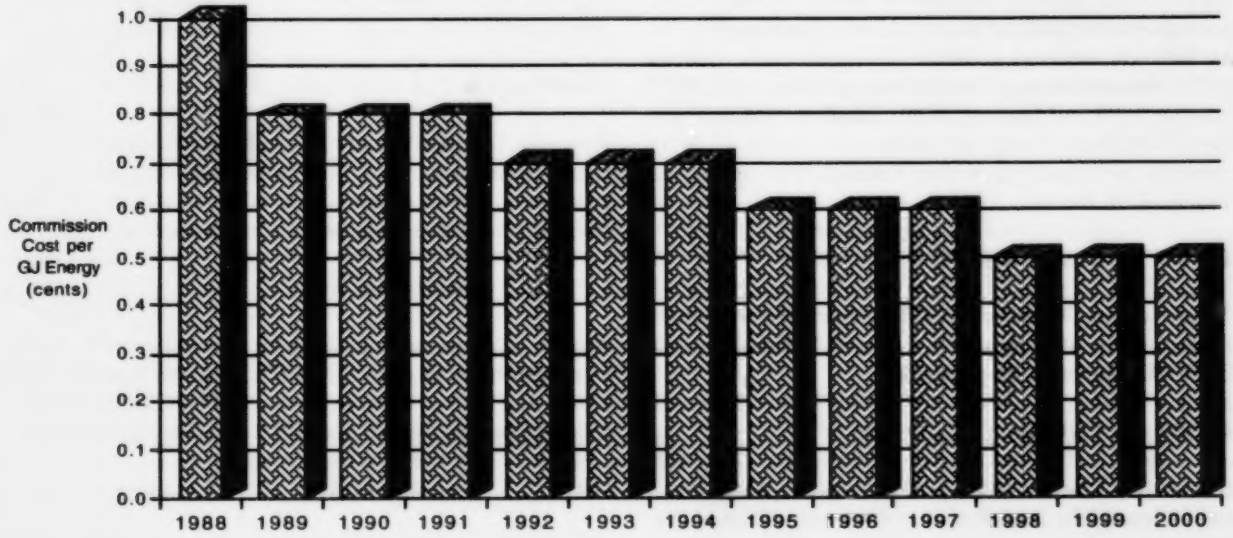
Cost of Regulation per Customer

Over the last several years the cost of regulation per customer has fallen as has the cost of regulation per gigajoule of energy sold.



(1992 $)

Cost of Regulation per GJ of Energy Sold



(1992 $)

General Orders

G-1-00 WKP

Approved the December 10, 1999 Load Shifting Program and amendments to Rate Schedule 90 - Energy Management Service for the period ending December 31, 2001.

G-2-00 PNG AND PNG (N.E.)

Established a pre-hearing conference with video conferencing between Vancouver, Terrace and Dawson Creek, for the PNG and PNG (N.E.) 2000 Revenue Requirement Applications.

G-3-00 CENTRA GAS BC

Approved an increase in rates to the Pioneer, Apartment Customer Rates (ACR-1) of between 9.74% and 11.22%, effective February 1, 2000.

G-4-00 CENTRA WHISTLER

Approved an interim rate increase of $1.502 per gigajoule, subject to refund with interest, effective January 1, 2000. Established a pre-hearing conference at Whistler, B.C. to discuss the Centra Whistler 2000 Revenue Requirements Application.

G-5-00 CENTRA WHISTLER

Approved a deferral account to record the additional transportation costs of $0.01975/litre (forecasted to total $23,519) incurred to deliver liquid propane by truck to the Whistler storage facility during the months of December 1999 and January 2000. Disallowed the recovery of additional company labour costs incurred as the costs do not qualify as a pass-through item under Section 61(4) of the Act.

G-6-00 CENTRA GAS BC

Approved the December 16, 1999 Negotiated Settlement regarding the 1997 and 1998 Revenue Deficiencies and 2000-2002 Revenue Requirements.

G-7-00 PNG AND PNG (N.E.)

Established Alternative Dispute Resolution processes for the review of the 2000 Revenue Requirements Applications.

G-8-00 SQUAMISH GAS

Approved an increase of between 9.74% and 10.85% to the Apartment Customer Rates (ACR-1) , effective February 1, 2000.

G-9-00 WKP

Approved WKP's participation in the Western Systems Coordinating Council's Reliability Management System as a means of maintaining system reliability throughout the Western Interconnection.

G-10-00 B.C. HYDRO

Approved the collection of an interim surcharge of 15.6 cents/kWh from customers connected to the Meziadin Lake distribution line regarding the financing of customers' capital contribution. The surcharge will remain in effect until such time as the final surcharge calculation has been completed and consultations are held with Meziadin Lake customers regarding the amount and duration of the final surcharge.

G-11-00 PLP

Adjourned the public hearing into the CPCN Application to build a substation and to enter into an energy supply and project financing contract with B.C. Hydro. PLP and WKP were ordered to file with the Commission a new energy supply contract as soon as possible.

G-12-00 PLP

Approved an increase of 4.9% to Rate Schedule GX (Irrigation) customers and a 4.47% increase to all other PLP customers, effective January 1, 2000, as a result of increased power purchase costs from its supplier, WKP.

G-13-00 CENTRA GAS BC

Approved an increase in rates for Pioneer General Service customers of between 2.97% and 4.03%, effective March 1, 2000, pursuant to the Special Direction and the terms of the Vancouver Island Natural Gas Pipeline Act.

G-14-00 SQUAMISH GAS

Approved an increase in rates to all natural gas General Service customers of between 2.97% and 4.03%, effective March 1, 2000.

G-15-00 CENTRA WHISTLER

Established an Alternative Dispute Resolution process to review the 2000 Revenue Requirements Application.

G-16-00 PLP

Approved amendments to the Time-of-Use Rate Schedules, effective January 1, 2000.

G-17-00 WKP

Declined the request of the Regional Districts of Central Kootenay and Kootenay Boundary to delay the public hearing into the WKP Application for a CPCN for its 230 kV System Development, but approved a delay in the filing date for Intervenor Evidence.

G-18-00 PORT ALICE GAS

Approved an interim rate increase effective January 23, 2000, with respect to the utility's 2000 Revenue Requirements Application, in order to recover the projected cost of service revenue deficiency of $31,882. The utility's application to unbundle the propane rate was approved.

G-19-00 BC GAS

Approved the Rate Schedule 3 Tariff Supplement for Silver Star for natural gas service, effective October 1, 1999.

G-20-00 BC GAS

Denied BC Gas' application to revise the Gas Cost Reconciliation Account Riders approved by Order No. G-140-99.

G-21-00 WKP

Established a second week of proceedings at Castlegar, B.C. for the public hearing reviewing the WKP CPCN Application for the Kootenay 230 kV System Development project.

G-22-00 BC GAS

Approved an increase in the reference price used in the Revelstoke Propane Cost Deferral Account from $0.1228/litre to $0.1436/litre, effective March 1, 2000.

Approved an increase of $0.84/GJ to recover the forecasted increase in the cost of propane for the period March 1 to August 31, 2000, and the $0.0033/litre amortization of the propane cost deferral account, effective March 1, 2000.

G-23-00 SUN RIVERS

Approved an increase in rates for Rate Schedule 1 - Residential Service and Rate Schedule 2- Small Commercial Service customers, effective March 1, 2000.

G-24-00 BC GAS

Approved the Agreement with Trus Joist MacMillan-Parallam Plant as a Rate Schedule 22 Tariff Supplement, effective January 1, 2000.

G-25-00 B.C. HYDRO

Approved the December 31, 1999 Power Sale Agreement, Electric Tariff Supplement No. 1, with the City of New Westminster, effective January 1, 2000 to December 31, 2002, or until such time as the Commission has completed a Rate Design Review, whichever comes first.

G-26-00 BC GAS

Approved CDS Research Ltd.'s costs of $105,340 and other expenditures of $199,753 related to Satellite LNG, plus related AFUDC, with respect to the Salmon Arm Satellite LNG deferral account. Amortization of the approved amount in the Salmon Arm Satellite LNG deferral account in customer rates over three years was approved commencing January 1, 2001.

G-27-00 CENTRA GAS BC

Approved an increase in rates to the Pioneer General Service SGS-2 to LGS-3 customers of between 6.95% to 7.10%, and to the ACR-1 customers of between 7.32% to 9.15%, effective April 1, 2000.

G-28-00 SQUAMISH GAS

Approved an increase in rates for General Service customers of between 6.95% to 7.10%, and for ACR-1 customers of between 7.32% to 9.15%, effective April 1, 2000.

G-29-00 B.C. HYDRO

Issued Reasons for Decision relating to the Electrochemical Producers' complaint regarding the appropriateness of a high load factor electricity tariff for B.C. Hydro. The Commission determined that it would take no further action unless the province's rate freeze legislation provided for a general rate redesign of Rate Schedule 1821.

G-30-00 BC Gas

Issued an Order and Public Notice announcing BC Gas' application for a one year extension to the 1998-2000 Performance Based Rate Settlement to determine Revenue Requirements for 2001.

G-31-00 WKP

Approved an amendment to Rate Schedule 50 - Street Lighting tariff changing the overhead cost recovery load rates, effective March 1, 2000.

G-32-00 Squamish Gas

Approved an increase in propane rates of $0.322/Ccf to all propane customers effective April 1, 2000. The reference price of the Propane Cost Deferral Account was set at $0.2095/litre effective April 1, 2000. The difference between the actual cost of propane and the cost recovered in rates is to be recorded in the Propane Cost Deferral Account.

G-33-00 Centra Gas BC

Approved the following increases in rates effective May 1, 2000.

Pioneer General Service

- 4.07% to SGS-2 customers
- between 7.82% to 7.92% to LGS-1 to LGS-3 customers

Apartment Customer Rates (ACR-1)

- between 8.18% to 9.34%

G-34-00 Silver Star

Approved as interim rates, the following charges for the period October 1, 1999 to December 31, 1999:

	Basic Charge	Commodity Charge	Delivery Charge
Residential	$ 15/mo	$ 5.166/GJ	$ 4.80/GJ
Small Commercial (0 to 2000 GJ/year)	$ 25/mo	$ 5.166/GJ	$ 5.20/GJ
Large Commercial (over 2000 GJ/mo)	$ 100/mo	$ 5.166/GJ	$ 5.20/GJ

Approved as interim rates, the following charges for the period commencing January 1, 2000:

	Basic Charge	Commodity Charge	Delivery Charge
Residential	$ 15/mo	$ 5.626/GJ	$ 4.80/GJ
Small Commercial (0 to 2000 GJ/year)	$ 25/mo	$ 5.626/GJ	$ 5.20/GJ
Large Commercial (over 2000 GJ/mo)	$ 100/mo	$ 5.626/GJ	$ 5.20/GJ

Approved as interim, an Application Fee of $50 and a Connection Charge that is equal to the estimated direct construction cost for the customer's service line and meter set. Denied Silver Star's request for approval of fixed minimum charges for the service line and meter set.

Silver Star is to file a detailed application for permanent rates, setting out and substantiating costs and revenues for the period ending May 31, 2000 and for the next fiscal year.

G-35-00 Centra Whistler

Approved the 2000 Revenue Requirements Settlement Agreement that included a 2000 revenue deficiency of $996,585 resulting in an increased energy charge for all customers of $1.42/gigajoule (approximately 16.28%), effective January 1, 2000. Centra Gas is to refund any overpayment resulting from the interim rates, with interest calculated at the prime rate of the principal bank with which it conducts business.

G-36-00 WKP

Approved the Refrigerator Recovery Program and amendments to Rate Schedule 90 - Energy Management Service Original Sheet 56.1, effective April 1, 2000.

G-37-00 PNG

Approved the 2000 Revenue Requirements Settlement Agreement. Directed PNG-West to follow an interpretation of the Uniform System of Accounts to account for Other Post Employment Benefits on the pay-as-you-go/cash basis. Refunds plus interest, calculated at the utility's short-term borrowing rate, to the date of refund, are to be credited to customers' accounts based upon actual consumption from January 1, 2000.

G-38-00 SQUAMISH GAS

Approved the following rate increases, effective May 1, 2000:

- 4.07% to SGS-2 and SGS-12 customers
- between 7.82% to 7.92% for LGS-1 to LGS-13 customers, and
- between 8.18% to 8.85% for the ACR-1 customers.

G-39-00 BC GAS

Approved the Rate Schedule 3 Tariff Supplement A-3 to provide gas service to Sun Rivers, effective February 1, 2000. The Tariff Supplement Agreement provided for the construction of a main extension by BC Gas to the entrance of the Resort under its Main Extension Economic Test. The extension did not require a customer contribution but will require minimum annual gas volumes to be purchased by Sun Rivers over the duration of the five-year Agreement.

G-40-00 PNG

Approved an increase in propane rates to Granisle Grid System customers. The increase is the result of higher liquid propane commodity charges from PNG's supplier, which resulted in a bill impact of 20% in addition to the final rate increase approved by Commission Order No. G-37-00 for the PNG 2000 Revenue Requirements. A portion of the propane charge increase ($1.487/GJ) will be applied to offset higher propane costs and the remainder ($.513/GJ) is to pay down the propane cost deferral account balance.

G-41-00 PORT ALICE

Established a written public hearing for the review of the 2000 Revenue Requirements Application.

G-42-00 BC GAS

Established a Workshop and Pre-hearing Conference to address procedural matters relating to the Cost Allocation Application for the Southern Crossing Pipeline Project.

G-43-00 BC GAS

Approved revisions to the Gas Tariff General Terms and Conditions to accommodate the establishment of common general terms and conditions for the Fort Nelson service area and the other service areas of BC Gas, effective April 25, 2000. Approved the replacement of the General Terms and Conditions of Gas Tariff, BCUC No. 1 for Fort Nelson Gas Ltd., effective April 25, 2000.

G-44-00 BC GAS

Approved an NGV incentive grant of $250,000 for the Ministry of Transportation and Highways ("MoTH") to convert the Kootenay Lake ferry to dual fuel natural gas/diesel and for a tariff variance to Rate Schedule 6, for a 50% reduction in the delivery charge, subject to the following:

- The grant of $250,000 is payable when the vessel begins service and is dependent on a minimum consumption level of 79,000 GJ/year for a term of six years.
- The executed agreement with MoTH is to be filed in standard Rate Schedule 6 Tariff Supplement format.
- MoTH will be served under Interruptible Rate Schedule 6 Tariff Supplement for a period of 15 years.
- Maximum payback period for the grant is to be six years.
- Rate Schedule 6 delivery charge will be reduced by 50% for five years and after that period the customer must demonstrate that a discounted rate is warranted considering the competitive option available.
- The proposed load will not require system reinforcement to the existing system serving the area.

G-45-00 PNG (N.E.)

Approved the 2000 Revenue Requirement Settlement Agreement and directed PNG (N.E.) to follow an interpretation of the Uniform System of Accounts to account for Other Post Employment Benefits on the pay-as-you-go/cash basis.

G-46-00 CENTRA GAS BC

Approved a decrease in rates, effective June 1, 2000, to ACR-1 customers of between 2.29% and 2.66%.

G-47-00 CENTRA GAS BC

Approved an increase in the reconnection and reactivation fees charged to customers, effective May 1, 2000, as follows:

- for reconnections during regular business hours the fee will increase from $25 to $55;
- for reconnections made after hours the fee will increase from $25 to $145; and

- for seasonal use customers the reactivation fee will increase from $25 to $80 per occurrence.

G-48-00 BC Gas

Approved a one-year extension of the 1998-2000 Performance Based Rate Settlement to determine the Revenue Requirements for 2001. The Commission ordered BC Gas to hold an Annual Review in November 2000 for its 2001 Revenue Requirements.

G-49-00 B.C. Hydro

Approved the January 1, 2000 Supplementary Agreements with CXY Chemicals Canada Limited Partnership for RTP service under Rate Schedule 1848, with an adjusted 50% CBL at its Nanaimo plant, and a 60% CBL at its North Vancouver plant, effective for the six-month period commencing May 1, 2000 and ending October 31, 2000.

G-50-00 B.C. Hydro

Approved the January 25, 2000 Supplementary Agreement with Sterling Pulp Chemicals, Ltd. for RTP service under Rate Schedule 1848, with a 50% CBL at its North Vancouver plant, effective for the six-month period commencing May 1, 2000 and ending October 31, 2000.

G-51-00 B.C. Hydro

Approved an April 2000 Special Electric Service Agreement, Tariff Supplement No. 53, with Canadian Forest Products Ltd.'s Chetwynd Division for a Bypass Rate at the equivalent of Rate Schedule 1821 plus a monthly rider of $9,141.08 for a period of 20 years, effective August 1, 2000.

G-52-00 Squamish Gas

Approved a decrease in ACR-1 rates of between 2.29% and 2.66%, effective June 1, 2000.

G-53-00 BC Gas

Established a two-part hearing process for the review and disposition of the Southern Crossing Pipeline Cost Allocation Application. Part 1 will be a Negotiated Settlement Process followed by Part 2 an oral Public Hearing.

G-54-00 BCUC

Approved the recovery of Commission Costs from the regulated public utilities at a levy rate of $0.006782 per GJ equivalent of energy sold for the calendar year 1999 for the fiscal year commencing April 1, 2000.

Approved, pursuant to Levy Regulation 283/88 and Letter No. L-39-96, fees for regulatory services from the upstream natural gas processors and intraprovincial oil pipelines for the fiscal year commencing April 1, 2000.

G-55-00 Centra Gas BC

Approved the Industrial Gas Sales Agreement with Weyerhaeuser Company Limited, B.C. Coastal Group for service to its Chemainus and Port Alberni, B.C. lumber drying kilns, effective March 30, 2000.

If Centra Gas and Weyerhaeuser subsequently enter into a Gas Transportation Agreement in place of the approved Industrial Gas Sales Agreement, approval by the Commission of the Gas Transportation Agreement will be required.

G-56-00 PLP

Approved the recording of $108,346 in expenditures, associated with PLP's CPCN substation application, in a deferral account and the amortization of the account over a ten-year period commencing with the 2000/01 fiscal year.

G-57-00 Centra Gas BC

Approved a decrease in rates to the Pioneer General Service LGS-1, LGS-2 and LGS-3 customers of between 2.88% to 3.01%, and a decrease in rates to the ACR-1 customers of between 4.58% to 5.22%, effective July 1, 2000.

G-58-00 Sun Rivers

Approved Electric Tariff Rate Schedule 1702 - Ornamental Street Lighting, effective May 1, 2000.

G-59-00 WKP

Approved for WKP and B.C. Hydro the Letter Agreement covering the wheeling of power from WKP's South Slocan Generating Station to WKP's Princeton, B.C. Substation during off-peak hours for the period May 20 to July 31, 2000.

G-60-00 PLP

Approved the budgeted PASS Energy Management Project expenditures of $337,558 for the fiscal years ending March 31, 2000, 2001, and 2002, the establishment of a deferral account for 80% of the expenditures, and the amortization of the balance on a straight-line basis over the five years immediately subsequent to the transfer.

PLP is required to file annual reports on the project and to obtain approval of additional PASS Energy Management Project expenditures incurred after March 31, 2002.

G-61-00 CENTRA GAS BC

Approved, pursuant to Section 61 of the Act, the April 7, 2000 Transportation Service Agreement with Island Cogeneration Limited Partnership for service to its Island Cogeneration Plant for the period commencing April 7, 2000 and expiring on the Service Expiry Date, subject to Centra Gas filing, by July 14, 2000, the Agreement in a form that has been amended to contain the following conditions:

- The Agreement is without prejudice to future rate-setting or commercial operation agreements. The issue of industrial rate setting is to be part of the Centra Gas rate design review scheduled for the fall of 2000.
- Firm service will be provided to ICLP only if the firm requirement demanded by the Joint Venture at that time is met, and Centra Gas is not requesting peaking gas from the Joint Venture.
- Interruptible service will be available to ICLP and the Joint Venture on a pro-rata basis.
- The Service Expiry Date will be amended to mean the earlier of the Commercial Operation Date or December 31, 2000.
- Centra Gas will provide a report to the Commission by September 1, 2000, that defines its current firm pipeline capacity, firm service requirements, and all short and long-term options for increasing pipeline capacity and their timing.

G-62-00 BC GAS

Approved, pursuant to Section 61(4) of the Act, the Gas Cost Recovery Factors, adjusted to reflect a currency exchange rate of US$0.68/Cdn$, effective July 1, 2000, and directed BC Gas to refile Gas Cost Recovery Charges that have been calculated on this basis. Denied BC Gas' request to increase the GCRA Riders, effective July 1, 2000. Approved a pass-through increase of 33% to residential customers, with similar per GJ increases to all other sales customers.

G-63-00 CENTRA GAS BC

Approved, pursuant to Section 61(4) of the Act, the proposed New Customer rates, for a cost of gas pass-through increase to Rate Rider C of $0.979/GJ on sales to all New Customers, effective July 1, 2000.

G-64-00 PNG AND PNG (N.E.)

Approved, pursuant to Section 61(4) of the Act, the interim rates in effect for January 1, 2000 for PNG and PNG (N.E.) customers as permanent, with the components of the rates to be determined as set out in the Cost of Gas Application.

Rescinded Order No. G-40-00 and approved propane Gas Supply Charges for Granisle customers of $7.783/GJ, effective January 1, 2000, and of $11.60/GJ, effective July 1, 2000.

Approved other Gas Supply Charges and rates, effective July 1, 2000.

G-65-00 SQUAMISH GAS

Approved a decrease in rates to General Service customers of between 2.88% to 3.01% for LGS-1 to LGS-13 customers, and a decrease in rates to the ACR-1 customers of between 2.34% to 2.52%, effective July 1, 2000.

G-66-00 STARGAS

Approved and accepted for filing, pursuant to Sections 58, 60 and 61 of the Act, the June 16, 2000 Natural Gas Tariff containing Definitions and Terms and Conditions of Service, effective October 1, 1999.

Approved on an interim basis, subject to refund with interest, the Standard Fees and Charges Schedule and the Administrative Charges Schedule, effective October 1, 1999.

Approved on an interim basis, subject to refund with interest, an increase in the gas cost recovery charges, effective July 1, 2000.

G-67-00 PORT ALICE GAS

Order and Reasons for Decision approving a Test Year revenue deficiency of $24,686 resulting in final rates for all customers of $6.00 per month Basic Charge and a $7.3156/GJ Facilities Charge, commencing January 23, 2000. Any difference between the interim rates and the permanent rates are to be refunded to all customers of record on January 23, 2000, plus interest at the short-

term bank lending rate applicable to Port Alice Gas on consumption from January 23, 2000 to the billing date at the time of refund.

G-68-00 STARGAS

Approved the transfer of 900 of the 1,000 Class "A" Voting Shares of Stargas to the shareholders of Silver Star Mountain Resorts Ltd. effective July 6, 2000.

G-69-00 CENTRA GAS BC

Approved an increase in rates, effective August 1, 2000, to ACR-1 customers of between 2.40% and 2.69%, pursuant to the Special Direction and the terms of the Vancouver Island Natural Gas Pipeline Act.

G-70-00 SUN RIVERS

Approved an increase in rates, effective July 1, 2000, for Rate Schedule 1 - Residential Service and Rate Schedule 2 - Small Commercial Service customers.

G-71-00 CHDL

Approved the terms of the $3,500,000 long-term debt with the Royal Bank of Canada for a period of five years.

G-72-00 B.C. HYDRO/WKP

Approved the First Amendment to the Western Systems Coordinating Council's Reliability Criteria Agreement - Canadian Language Version, effective July 1, 2000.

G-73-00 WKP

Approved, pursuant to Section 50 of the Act, an increase of $30 million in the short-term borrowing Line of Credit with the Bank of Montreal, and the issuance of 100,000 authorized and unissued $100 par value common shares to UtiliCorp British Columbia Ltd. for a total consideration of $10 million.

G-74-00 BC GAS

Approved the Settlement Agreement for Access to SCP Capacity, and established a cost allocation method for the incremental SCP cost of service and determined the proportion of SCP costs to be recovered in the delivery margin.

G-75-00 BC GAS

Issued Reasons for Decision and adjourned the September 18, 2000 Part 2 Oral Public Hearing for the SCP Cost Allocation Application established by Order No. G-53-00. Issues related to the allocation of SCP costs among customer classes and the integration of SCP costs into BC Gas' rate schedules will be dealt with in combination with the broader rate design issues, including the absolute and relative level of rates and rate structures, revenue to cost ratios, and modifications to the terms and conditions of service, in a comprehensive proceeding in early 2001. The Commission ordered BC Gas to file a comprehensive Rate Design Application by the end of January 2001.

The delivery margins for all non-bypass and non-special contract customers, except those in the Fort Nelson Service Area and those in the Columbia Service Area transporting gas under Rate Schedule 22B, are to be increased on an interim basis to include costs related to the SCP. The interim rate increases will be effective January 1, 2001, subject to refund or recovery with interest.

G-76-00 PLP

Approved, pursuant to Sections 49 and 50 of the Act, amendments to the credit facilities with the Canadian Imperial Bank of Commerce in accordance with the July 4, 2000 Business Credit Agreement.

G-77-00 CENTRA WHISTLER

Approved an increase in propane rates from $10.145/GJ to $11.90/GJ effective with consumption commencing August 1, 2000, as a result of higher liquid propane costs from the utility's supplier.

G-78-00 CENTRA GAS BC

Approved, pursuant to the Special Direction and the terms of the Vancouver Island Natural Gas Pipeline Act, an increase in rates to all ACR-1 rates of between 4.79% and 5.36%, effective September 1, 2000.

G-79-00 BC GAS

Approved an increase in the reference price used in the BC Gas Revelstoke Propane Cost Deferral Account, from $0.1436/litre to $0.2222/litre, effective September 1, 2000.

Approved an increase of $3.180/GJ, to recover the forecasted increase in the cost of propane for the period September 1, 2000 to August 31, 2001, effective September 1, 2000, pursuant to Section 61(4) of the Act.

G-80-00 B.C. Hydro

Approved the decommissioning of the Keogh Diesel Generating Station near Port Hardy, B.C., pursuant to Section 41 of the Act.

G-81-00 B.C. Hydro

Approved, effective November 1, 2000, Billing Plan Name Changes and Treatment of New Residential Customers, pursuant to Section 61(2) of the Act.

The new Tariffs address B.C. Hydro's increasing bad debts expense related to residential customers and will require all new residential customers to either establish satisfactory credit, participate in Pay-As-You-Go Billing, or provide a security deposit for one year. Current residential customers who do not have a satisfactory payment history will be required to provide B.C. Hydro with a security deposit for one year or participate in Pay-As-You-Go Billing.

G-82-00 B.C. Hydro

Approved, subject to changes outlined in the Order, the Modified Demand Transmission Service Rate Schedule 1852 and revisions to Rate Schedule 1880 and B.C. Hydro's Electric Tariff Index.

Following the first year of operation of Rate Schedule 1852 the utility is to file a report identifying and quantifying the benefits of Rate Schedule 1852 to B.C. Hydro and B.C. Hydro's nonparticipating customers in the first year of operation. The report should also identify and discuss any operational issues and concerns related to Rate Schedule 1852 that arise during the first year.

G-83-00 BC Gas

Approved Market-Based Commodity Pricing for the following Rate Schedules for the gas contract year commencing November 1, 2000:

- Rate Schedule 7 - General Interruptible Service
- Rate Schedule 10 - Large Volume Interruptible Sales
- Rate Schedule 14 - Term and Spot Gas Sales

- Rate Schedule 14 pro forma Customer Term Sheet for firm and spot gas sales, except that the Gas Management Fee will continue to be $0.02 to $0.08/GJ and the description of Market Factor in subsection 2.2(vii) will be made consistent with the narrative material in the Revised Application.
- The approval of Rate Schedule 14 is conditional upon BC Gas recovering the cost of gas sold under this Rate Schedule. BC Gas is to file a report within 30 days of the end of each month that summarizes costs and revenue related to Rate Schedule 14 sales and sets out the calculation of the Market Factor for the month.

Directed BC Gas to file a report of all Rate Schedule 14 transactions on a quarterly basis and within 60 days from the end of the contract year quarter.

Approved the revision to Section 9.2(a) of Rate Schedule 22 regarding the charge for balancing gas.

G-84-00 Centra Gas BC

Approved, as a result of higher competitive fuel oil prices in its service area, an increase in rates to the Pioneer Large General Service LGS-1, LGS-2 and LGS-3 customers of between 2.03% to 2.16%, and a decrease in rates to the ACR-1 customers of between 2.33% to 2.50%, effective October 1, 2000.

G-85-00 Port Alice Gas

Approved the recovery of the difference between the actual cost of propane and the cost included in customer rates, for the months of February and March 2000, by way of a propane cost deferral account charge amounting to $6,761.70.

Approved a variance to Order No. G-67-00 so that the refund of the excess of interim rates over the approved rates from January 23, 2000 to the date of refund, amounting to $2,619.03, will be credited to the propane cost deferral account.

G-86-00 BC Gas

Approved the following rate schedules regarding access to capacity on the Southern Crossing Pipeline:

- Rate Schedule 22A
- Rate Schedule 23, subject to minor amendment.
- Rate Schedule 25, subject to minor amendment.
- The Shipper Agent Agreement corresponding to Rate Schedule 25, subject to changing references to Rate Schedule 22 to refer to Rate Schedule 25 as necessary.

The shipper agent agreements for customers under Rate Schedules 22A and 23, are to be filed with the Commission.

G-87-00 WKP

Approved the Amending Agreement for the supply of wholesale electricity by WKP to PLP for a period of ten years, effective February 2, 2000.

G-88-00 BC GAS

Approved Rate Schedule 40 subject to minor amendments. Directed that Rate Schedule 40 be refiled with the approved amendments and with the underlining and other special formatting removed.

G-89-00 B.C. HYDRO

Approved the decommissioning of the Fort Nelson Diesel Generating Station, pursuant to Section 41 of the Act. B.C. Hydro is expected to maximize the salvage value of the plant for the benefit of all ratepayers, and is to file a report with the Commission upon project completion, summarizing the costs of the decommissioning.

G-90-00 BC GAS

Established an Annual Review for BC Gas' 2001 Revenue Requirements material.

G-91-00 SQUAMISH GAS

Approved an increase in rates to General Service customers of between 2.03% to 2.16% for the LGS-1 to LGS-13 customers, and an increase to the ACR-1 rate schedule of between 4.80% to 5.17%, all effective October 1, 2000.

G-92-00 CENTRA GAS BC

Approved an increase in rates for Pioneer Large General Service LGS-1, LGS-2 and LGS-3 customers of between 9.03% and 9.04%, and an increase in rates to ACR-1 customers of between 6.83% to 12.93%, all effective November 1, 2000.

G-93-00 CENTRA GAS BC

Approved the August 21, 2000 Industrial Gas Sales Agreement and Appendix A Terms and Conditions with Tayco Paving and Duncan Paving for service to the Cumberland and Duncan, B.C. asphalt plants, effective September 25, 2000.

Approved the termination of the April 21, 1999 Industrial Gas Sales Agreement with Tayco Paving and Gas Tariff, First Revision of page 83 for Tayco Paving, effective September 25, 2000.

G-94-00 PNG

Approved an interim rate increase to all classes of customers, in accordance with the "Summary of Rates Effective October 1, 2000", subject to refund with interest at the average prime rate of PNG's principal bank following a public hearing. The increase was approved for the primary purpose of reducing PNG's cash flow requirements. A Regulatory Agenda and Timetable for the review of PNG's Rate Application will be determined by the Commission after December 1, 2000.

G-95-00 BC GAS

Approved the issuance of common shares by BC Gas to 605556 BC Ltd., pursuant to Sections 50 and 54 of the Act.

Approved the consolidation of the statements of financial position of 31905 Yukon Inc., 31916 Yukon Inc., and the SC Trust with that of BC Gas for regulatory accounting purposes.

Approved the inclusion of those capital costs of the SCP Project found by the Commission to be prudently incurred following completion of the SCP Project (up to a maximum of $409 million) in the authorized rate base of BC Gas for regulatory purposes with the proviso that the maximum capital costs of the SCP Project included in the authorized rate base of BC Gas be $414 million if BC Gas does not achieve the British Columbia provincial sales tax savings that it expects.

Approved the exclusion of the following:

- lease payments by BC Gas to the SC Trust from the BC Gas utility cost of service;
- interest payments by BC Gas on the loan from the SC Trust from the BC Gas utility cost of service; and
- dividends paid to BC Gas by 31905 Yukon Inc. from the utility income of BC Gas.

If BC Gas determines it is necessary to transfer the SCP Project plant in service to the direct ownership of BC Gas, the Commission will approve the SCP Project plant in service being in the BC Gas cost of service supported by the capital structure then approved by the Commission, with none of the transaction costs to be the responsibility of utility ratepayers.

G-96-00 CANADIAN MIDSTREAM SERVICES LTD.

Approved, pursuant to Section 88(3) of the Act, the exemption from Part 3 of the Act, other than Sections 24 and 25, of the facilities listed in Appendix I which Canadian Midstream uses to transport or process natural gas for others. The facilities will continue to be regulated under the Act on a complaint basis.

G-97-00 COASTAL CANADA FIELD SERVICES LIMITED PARTNERSHIP

Approved for Coastal the exemption from Part 3 of the Act, other than Sections 24 and 25, of the facilities listed in Appendix I which Coastal uses to transport or process natural gas for others, pursuant to Section 88(3) of the Act. The facilities will continue to be regulated under the Act on a complaint basis.

G-98-00 BC GAS

Approved the Master Agreement with Enron Canada Corp. as a Rate Schedule 30 Tariff Supplement, subject to BC Gas providing written confirmation from Enron that BC Gas is able to initiate a Confirmation Letter under Article 5 of the Master Agreement.

Accepted BC Gas' request to hold Exhibit C confidential, and directed the utility to file the Master Agreement, except for Exhibit C, in standard Tariff Supplement format with the Commission.

G-99-00 JJH EQUIPMENT TRUST

Approved for JJH Equipment Trust an exemption from Part 3 of the Act, other than Sections 24 and 25, of the Jedney and Highway Facilities, pursuant to Section 88(3) of the Act. The Jedney and Highway Facilities will continue to be regulated under the Act on a complaint basis.

G-100-00 PLP

Approved the October 6, 2000 Amendment No. 2 to the July 4, 2000 Credit Agreement with Canadian Imperial Bank of Commerce, pursuant to Sections 49 and 50 of the Act.

G-101-00 B.C. HYDRO

Referred the Access Principles for Public, Municipal and Other Utilities Application to a written public hearing.

G-102-00 CENTRA WHISTLER

Approved an increase in the allowed cost of propane recovered in rates from $8.42/GJ to $10.84/GJ effective with consumption commencing November 1, 2000. The basic charge will remain at $5.00/month and the commodity rate level will increase to $14.32/GJ.

G-103-00 WKP

Established an Annual Review in Kelowna pursuant to the terms of the Settlement Agreement for the review of WKP's Preliminary 2001 Revenue Requirements and Incentive Mechanism.

G-104-00 PNG

Accepted for filing as a short-term arrangement pursuant to Tariff Supplement No. 10, the July 10, 2000 Letter Agreement with B.C. Hydro that provides for negotiated interruptible sales and transportation rates for B.C. Hydro's baseload generating requirements for the period July 11 to December 31, 2000.

Approved the establishment of a deferral account for the transportation margin, earned on deliveries to B.C. Hydro pursuant to the Letter Agreement, that are in excess of the margin which PNG included in its 2000 Revenue Requirements Application, with the monies that accumulate in the account to be credited to future customer rates.

G-105-00 B.C. HYDRO

Approved a seven-month extension to the General Service Time-of-Use pilot program from March 31, 2001 to October 31, 2001.

G-106-00 BC GAS

Approved BC Gas' 2000/01 Gas Supply Mitigation Incentive Program for the gas contract year from November 1, 2000 through October 31, 2001.

G-107-00 BC GAS

Approved the PG & E Energy Trading, Canada Corporation Agreement as a Tariff Supplement under Rate Schedule 30-Off-System Interruptible Sales.

G-108-00 SQUAMISH GAS

Approved an increase of between 8.99% to 9.07% for the LGS-1 to LGS-13 customers, and an increase to the ACR-1 customers of between 6.87% to 12.51%, all effective December 1, 2000.

G-109-00 CENTRA GAS

Approved an increase in rates to the Pioneer LGS-1 and LGS-2 customers of between 2.04% and 2.05%, and an increase to the ACR-1 customers of between 2.09% and 2.26%, effective January 1, 2001.

G-110-00 BC GAS

Approved the Market-based Backstopping, Balance and Unauthorized Overrun ("UOR") Charges for Rate Schedules 4, 7, 22, 22A, 22B, 23, 25 and 27, effective December 1, 2000, except that the charges will be based on the Gas Daily NW Sumas Midpoint price. The Balancing Charge for Rate Schedules 23, 25 and 27 will be based on the average for the month of the Gas Daily NW Sumas Midpoint price. The charge for UOR gas in excess of 5% will be the greater of $20/GJ or 1.5 times the Gas Daily NW Sumas Midpoint price.

Directed BC Gas to address the appropriate level of charges for Backstopping, Balancing and Unauthorized Overrun gas in its 2001 Rate Design Application. Directed BC Gas to file monthly reports for November 2000 through March 2001, on the amount of Balancing, Backstopping and Unauthorized Overrun gas provided to customers.

G-111-00 SQUAMISH GAS

Approved an increase in rates to the Large General Service customers of between 2.04% and 2.05%, and an increase to the ACR-1 customers of between 2.09% and 2.26%, effective January 1, 2001.

G-112-00 CENTRA GAS

Approved for filing the November 1, 2000 Second Amending Agreement to the Transportation Service Agreement with Island Cogeneration Limited Partnership, which revises the charges under, and extends the term of, the Transportation Service Agreement, to the earlier of March 31, 2001 or the Commercial Operation Date. Reasons for Decision were attached to the Order.

G-113-00 PNG

Directed PNG to file updated information and amendments to its September 28, 2000 Revenue Requirements Application. A public hearing is set to commence March 5, 2001 in Terrace, B.C.

G-114-00 WKP

Approved a change to the method for determining the monthly Customer Charge for customers served under Rate Schedule 40 - Wholesale Service - Primary Rate to reflect the new customer charge of $1,154.59 per Point of Delivery, effective January 1, 2001.

G-115-00 PORT ALICE

Approved the proposed methodology for calculating the cost of propane for billing purposes and recovery of the 2001 fiscal year revenue deficiency on an interim basis, effective December 1, 2000, subject to refund with interest after a hearing. The Commodity Fee will be billed at the higher of the $11.7971/GJ November 2000 rate or the actual cost of propane for the month as calculated in accordance with the approved Propane Tariff. A Regulatory Agenda setting out the key filing dates for the written review of the Application was attached to the Order.

G-116-00 STARGAS

Approved as permanent, the interim Standard Fees and Charges Schedule, the Administrative Charges Schedule, and interim rates for service, effective October 1, 1999 and July 1, 2000. The creation and maintenance of an interest-bearing deferral account to accumulate the amortization related to the Stargas capital assets was also approved.

G-117-00 PNG

Approved, pursuant to Sections 50 and 52 of the Act, a new credit facility of $30 million with the Royal Bank of Canada. PNG is to inform the Commission immediately of any significant departure in the terms and conditions of the indebtedness as presented in the documents supporting its Application.

G-118-00 CENTRA GAS

Approved, pursuant to Sections 60 and 61 of the Act, the proposed New Customer Basic Monthly Charges and Energy Charges as set out in the November 21, 2000 Application, and a cost of gas pass-through to Rider C of $3.088/GJ on sales to all New Customers, effective January 1, 2001.

Accepted the New Customer Rate Balancing Account as an interest bearing deferral account pursuant to the Special Direction, subject to the condition that any net incremental financing costs, relative to the avoided cost

of preferred share financing through the Revenue Deficiency Deferral Account, will not accrue to Centra Gas customers.

Approved a forecast New Customer Rate Balancing Account balance of $15.312 million to December 31, 2001, assuming no Rider C revenue in 2001.

Directed Centra Gas to file, by June 5, 2001, a report on actual gas prices and costs for the 2001 year to date compared to forecast, price expectations for the remainder of the year, impact on the New Customer Rate Balancing Account, and any rate changes that are proposed. The report should also discuss the effect of current and proposed rates on sales.

G-119-00 PNG

Directed PNG to publish the Notice of Public Hearing regarding its Application for New Rates.

G-120-00 B.C. HYDRO

Approved the cancellation and removal of Rate Zone1B - Non-Integrated Electrical Service to Fort Nelson, from the Electric Tariff, effective December 20, 2000.

G-121-00 SUMAS ENERGY 2, INC.

As the result of a complaint by Sumas Energy ("SE2I"), the Commission directed B.C. Hydro to:

- Reinstate SE2I in the appropriate reservations queue for long-term firm point-to-point service as of October 23, 2000, until such time as the Commission makes a final determination on the complaint.
- Discuss with SE2I an appropriate rate and terms of service for a location specific point-to-point transmission service based on a formula or principles that can be applied in a nondiscriminatory manner and which may be used by other generators or customers requesting locational specific rates.
- Submit, on or before March 30, 2001, a proposed rate and terms of service, or B.C. Hydro and Sumas Energy may file position papers on the form of rate and terms of service they deem to be appropriate.

G-122-00 PLP

Approved a 5% increase to the energy component of customer rates to pass-through increased power purchase costs from its supplier WKP, and the requested changes to the rate schedules for Time-of-Use customers, effective January 1, 2001.

G-123-00 PLP

Approved the December 1, 2000 Amendment No. 4 to the July 4, 2000 Credit Agreement with the Canadian Imperial Bank of Commerce, to replace a number of floating-rate loans with one single loan at a fixed rate of interest at 7.42% for a term of five years.

G-124-00 BC GAS

Approved changes to the Gas Tariff Rate Schedules to reflect the following rate changes, effective January 1, 2000, for the Lower Mainland, Inland and Columbia service areas:

- Basic Charges, Delivery Charges and Riders, excluding the GCRA Rider, generally as calculated in the December 6, 2000 Revenue Requirements Application, with adjustments for a 9.25% return on equity and three-year amortization of the GCRA balance.
- Gas Cost Recovery Charges as set out in the December 6, 2000 Cost of Gas Application.
- Gas Cost Reconciliation Account Riders calculated so as to recover in 2001 one-third of the projected GCRA debit balance to the end of 2000.

A Core Market Administration Costs budget of $1,581,000 was also approved for 2001.

Directed BC Gas to file, by June 5, 2001, a report on actual gas prices and costs for the 2001 year to date compared to forecast, price expectations for the remainder of the year, impact on the GCRA balance, and any rate changes that are proposed. The report should also discuss the effect of current and proposed rates on sales.

G-125-00 BC GAS

Approved an increase of $2.520/GJ in Revelstoke customer rates and an increase in the reference price applicable to the Revelstoke Propane Deferral Account, from $0.2222/litre to $0.2845/litre, effective January 1, 2001.

Directed BC Gas to file, by June 5, 2001 a report on actual propane prices and costs for 2001 year to date, compared to forecast, price expectations for the remainder of the year, impact on the Propane Cost Deferral Account, and any rate changes proposed. The report should also discuss the effect of current and proposed rates on propane gas sales.

G-126-00 BC Gas

Approved for the Fort Nelson Division, an increase in customer rates of $2.169/GJ, effective January 1, 2001. The difference between the rate recovered from customers and the actual commodity cost of gas is to be accumulated in the Fort Nelson Division Gas Cost Reconciliation Account.

Directed BC Gas to file, by June 5, 2001, a report on actual gas prices and costs for 2001 year to date compared to forecast, price expectations for the remainder of the year, impact on the GCRA, and any rate changes proposed. The report should also discuss the effect of current and proposed rates on natural gas sales.

G-127-00 PNG

Pursuant to Section 61(4) of the Act, the Commission accepted PNG's December 18, 2000 projection of total natural gas purchase costs for 2001.

Gas Supply Charges based on deeming gas commodity purchase costs as 100% variable charges, are approved as interim rates effective January 1, 2001, subject to refund with interest at the average prime rate of PNG's principal bank. Corresponding changes to fixed monthly charges that include a quantity of gas commodity are also approved as interim rates.

Gas supply cost deferral account Riders of $0.300/GJ for PNG sales customers, and of $0.001/GJ for PNG transportation customers, are approved, effective January 1, 2001.

A propane Gas Supply Charge for Granisle of $13.685/GJ was approved.

Directed PNG to file, by June 5, 2001, a report on actual gas prices and costs for the 2001 year to date compared to forecast, price expectations for the remainder of the year, impact on the gas supply cost deferral account, and any rate changes that are proposed. The report should also discuss the effect of current and proposed rates on sales.

G-128-00 PNG (N.E.)

Pursuant to Section 61(4) of the Act, the Commission accepted PNG (N.E.)'s December 18, 2000 projection of total natural gas purchase costs for 2001.

Gas Supply Charges for Fort St. John/Dawson Creek, based on deeming gas commodity purchase costs as 100% variable charges, are approved as interim rates effective January 1, 2001, subject to refund with interest at the average prime rate of PNG (N.E.)'s principal bank.

A gas supply cost deferral account Rider of $0.300/GJ for all PNG (N.E.) sales customers was approved, effective January 1, 2001.

Directed PNG (N.E.) to file, by June 5, 2001, a report on actual gas prices and costs for the 2001 year to date compared to forecast, price expectations for the remainder of the year, impact on the gas supply cost deferral account, and any rate changes that are proposed. The report should also discuss the effect of current and proposed rates on sales.

G-129-00 PNG (N.E.)

Approved an interim rate increase, subject to refund with interest, to recover from Fort St. John/Dawson Creek customers a projected revenue deficiency of $235,000, effective January 1, 2001.

Also approved an interim rate increase, effective January 1, 2001 and subject to refund with interest, to recover from Tumbler Ridge customers a projected revenue deficiency of $174,000.

G-130-00 WKP

Approved a general rate increase of 5% for all customer classes, effective January 1, 2001.

Determined that WKP had not met its performance standards in accordance with the Incentive Sharing Mechanism and therefore did not earn its portion of the preliminary sharing adjustment for 2000.

Accepted the recovery of retroactive costs incurred in accordance with the Cominco Ltd. Long Term Power Supply Agreement.

Certificates of Public Convenience and Necessity

C-1-00 **WKP**

Approved the replacement of approximately 700 of the Completely Self-Protected Transformers in the WKP system at a cost of $1.65 million. The project was identified as an extraordinary capital expenditure in WKP's 2000-2002 Revenue Requirements.

C-2-00 **WKP**

Approved the upgrade and life extension to the South Slocan Unit No. 1 generating plant for a total estimated cost of $9,990,000.

C-3-00 **WKP**

Approved the upgrade of the South Slocan generating station powerhouse crane for a total estimated cost of $430,000. The project was designated an extraordinary capital project in WKP's approved 2000-2002 Revenue Requirements.

C-4-00 **Silver Star (now Stargas)**

Approved the construction and operation of a natural gas distribution utility system at the resort community of Silver Star.

C-5-00 **B.C. Hydro**

Approved the following, pursuant to Sections 45 and 46 of the Act:

(i) replacement of the 230 kV underground cables (Circuits 2L39 and 2L40) between Newell Substation and Hill Avenue Terminal Station in Burnaby, B.C.,

(ii) removal of the existing two Hill Avenue terminal stations and replace them with a single station,

(iii) construction of a new duct bank under Highway 1, and upgrade existing duct banks where needed, and

(iv) upgrade existing access road from Glencarin Drive to the Hill Avenue terminal site.

C-6-00 **BC Gas**

Approved the Work Management System/Preventative Maintenance Project, which will integrate with BC Gas' SAP Information Technology environment, managing new mains and services construction and allowing BC Gas to introduce a predictive maintenance strategy. The Project is expected to be completed within the forecast cost of approximately $11.6 million. The Commission will review the final project report with respect to capital costs, overhead allocation and any cost overruns in order to determine eligibility for rate base treatment.

C-7-00 **BC Gas**

Approved a one-year extension of the expiry date of the Gas Franchise Agreement with the City of Prince George to October 31, 2001, and a one-year extension of the notice provisions.

C-8-00 **WKP**

Approved the construction of a 138 kV line tap to serve BC Gas' compressor station near Hedley, B.C.

C-9-00 **Centra Gas BC**

Order and Reasons approving the incremental operating expenses identified on Line 2 of the November 8, 1999 filing of Schedule A, regarding the October 22, 1999 Customer Interface System.

C-10-00 **WKP**

Approved the following components of the Kootenay 230 kV System Development Project:

(a) The modification and upgrade of the South Slocan substation to upgrade circuit breakers and terminate a 63 kV transmission line from B.C. Hydro's Kootenay Canal substation;

(b) The installation of a remedial action scheme for generation shedding at the South Slocan generating station;

(c) The construction of a 63 kV line from the South Slocan substation to the Kootenay Canal substation;

(d) The modification of B.C. Hydro's Kootenay Canal substation to add another 63 kV transmission connection and a 63/230 kV transformer and 230 kV line termination;

(e) The construction of a 230 kV transmission line from the Kootenay Canal substation to a new Brilliant substation following the "East High Elevation route";

(f) The construction of a 63/230 kV substation near the Brilliant generating station or, under certain conditions, an agreement to participate with Columbia Power Corporation/CBT Power Corporation in a Brilliant substation;

(g) The construction of a new 230 kV transmission line from the Brilliant substation, built generally along the present corridor to a redeveloped substation at Warfield;

(h) The reconstruction of the Warfield and Tadanac substations to terminate the 230 kV transmission line and provide transformation to 63 kV, and to correct present equipment deficiencies conditional upon Cominco and WKP coming to an agreement upon appropriate changes to the Facilities Sharing Agreement and cost sharing arrangements; and

(i) Other remedial action schemes, transformers and communication equipment as identified in the Commission's Decision, dated June 5, 2000.

C-11-00 WKP

Approved the Head Gate Rebuild for Unit No. 2 at the South Slocan Generating Plant. The Commission declined to approve the cost collar incentive mechanism as proposed by WKP. WKP is to file a project report and cost summary upon completion of the Project.

C-12-00 WKP

Approved the Upgrade and Life Extension for South Slocan Unit No. 2. The Commission declined to approve the cost collar incentive mechanism as proposed by WKP. Order No. C-2-00, which approved the Upgrade and Life Extension to South Slocan Unit No. 1, is canceled.

C-13-00 CHDL

Approved, pursuant to Section 45(7) of the Act, the Municipal Access Agreement between CHDL and the City of Vancouver for the term September 1, 1999 to June 29, 2029, and the September 1, 1999 Side Letter.

C-14-00 CENTRA WHISTLER

Approved the construction and operation of 7 km of new pipeline from Blueberry Drive to the Whistler South Plant and the installation of a new larger vapourizer at the Whistler South Plant for a total estimated cost of $2,153,000.

C-15-00 CENTRA GAS BC

Approved the construction and operation of a replacement natural gas transmission line at the Tsolum River near Comox, B.C. at an estimated cost of $700,000.

C-16-00 WKP

Approved the upgrade of the Penticton Subtransmission System estimated to cost $2,426,001.

WKP's request to capitalize the additional power purchase expenses caused by the derating of Line No. 11 was denied. The impact of this project on Power Purchase expenses should be dealt with separately in the review of Power Purchase forecasts.

Other Commission Orders

ENERGY SUPPLY CONTRACTS

ORDER	APPLICANT	DESCRIPTION
E-1-00	PNG (N.E.)	Gas Supply Contract with CanWest Gas Supply Inc. for the Tumbler Ridge service area for the period November 1, 1999 to October 31, 2000
E-2-00	PNG	Gas Supply Contract with CanWest Gas Supply Inc. for the period November 1, 1999 to October 31, 2000
E-3-00	Port Alice Gas	2000/01 Gas Supply Contract (Propane) with Autogas Propane Ltd.
E-4-00	Centra Whistler	Draft Propane Supply Agreement with Link Petroleum Services Ltd. for the period April 1, 2000 to March 31, 2001
E-5-00	BC Gas	Natural Gas Storage Agreement with Unocal Canada Limited (extension of the Aitken Creek Natural Gas Storage Agreement) for the period April 1, 2000 through March 31, 2001
E-6-00	Centra Gas BC	Gas Transaction Agreement with Island Cogeneration Limited Partnership
E-7-00	Centra Gas BC	Natural Gas Supply Agreements for the 2000/01 Gas Contract Year
E-8-00	PNG	2000/01 Seasonal Gas Supply Contract with Dynegy Canada Inc.
E-9-00	BC Gas	Propane Gas Supply Contract with ICG Propane Inc.
E-10-00	BC Gas	Seasonal Natural Gas Supply Agreements for the 1999/2000 Gas Contract Year
E-11-00	PLP	Services Agreement with West Kootenay Power Ltd.-Similkameen and Tulameen Valley customers
E-12-00	Centra Gas BC	Pricing Amendment to a Baseload Gas Purchase Agreement with Talisman Energy Inc.
E-13-00	PNG	Propane Supply Contract with ICG Propane Ltd.
E-14-00	Centra Gas BC	Baseload Natural Gas Supply for the 2000/01 Gas Contract Year with Petro-Canada Oil and Gas
E-15-00	BC Gas	Natural Gas Supply Contracts and Amendments for the 2000/01 Gas Contract Year
E-16-00	PNG	2000/01 Gas Supply Contract with CanWest Gas Supply Inc.
E-17-00	PNG (N.E.)	2000/01 Gas Supply Contract for Tumbler Ridge with CanWest Gas Supply Inc.
E-18-00	BC Gas	2000/01 Gas Supply Contract for the Fort Nelson Division with Alberta Energy Company Marketing

Participant Assistance Cost Awards

Order	Utility	Description
F-1-00	WKP	2000-2002 Revenue Requirements and 1999 Annual Review - $1,879.30
F-2-00	WKP	2000-2002 Revenue Requirements and 1999 Annual Review - $846.33
F-3-00	BC Gas	1999 Annual Review - $14,990.76
F-4-00	Centra Gas BC	2000-2002 Revenue Requirements - $18,568.36
F-5-00	PNG	2000 Revenue Requirements - $1,080.23
F-6-00	PNG	2000 Revenue Requirements - $11,720.78
F-7-00	PNG/PNG (N.E.)	2000 Revenue Requirements - $23,521.05
F-8-00	WKP	CPCN Application for the 230 kV Kootenay System Development Project - $42,217.52
F-9-00	WKP	Preliminary 2000-2002 Revenue Requirements Application and 1999 Annual Review - $36,112.92
F-10-00	BC Gas	Southern Crossing Pipeline Cost Allocation Application - Part 1: Negotiated Settlement Process - $11,556.96

Petroleum

Order	Applicant	Description
P-1-00	Nevis Ltd.	Blueberry and Northeast B.C. Pipelines - January 1, 2000 Toll Revisions
P-2-00	TME	Jet Fuel Pipeline - 2000 Tolls
P-3-00	Federated	Taylor to Kamloops Crude Oil Pipeline - 2000 Tolls
P-4-00	Nevis Ltd.	Revised Tolls on the Northeast B.C. Pipeline
P-5-00	Plateau	Rules, Regulations and Crude Petroleum Tariff for the Taylor to Dawson Creek Pipeline
P-6-00	Plateau	Interim Tolls on the Taylor to Kamloops Pipeline
P-7-00	Husky Oil Operations Limited	Application for an Emergency Order to Transport Oil on the Plateau Taylor to Kamloops Pipeline
P-8-00	Plateau	Approval of Tolls - Sunset Prairie Crude Oil Pipeline
P-9-00	Plateau	Amendment to Commission Order No. P-6-00
P-10-00	Plateau	Extension to Filing Application for Permanent Tolls on the Taylor to Prince George and Prince George to Kamloops Pipeline

Commission Letters

L-1-00 **B.C. Hydro**

The Commission determined that if Consumers Glass proceeds with the construction of its substation and by-pass facilities as outlined in its November 10, 1999 letter, then B.C. Hydro should offer service to Consumers Glass at its Lavington plant under Transmission Service Rate Schedule 1821.

L-2-00 **WKP**

Letter accepting WKP's December 23, 1999 correspondence as sufficient to satisfy the direction on page 30 of the 1999 Transmission Access Application Decision and Order No. G-28-99 with respect to the single system operator report. WKP's proposal to submit a second report by June 30, 2000 setting out the particulars of the model contemplated by B.C. Hydro and WKP for a single system operator in B.C. was also accepted.

L-3-00 **WKP**

Directed WKP to refile its Transmission System Extension Policy that should address the issues detailed in sections 5.2 and 5.3 of the 1999 Transmission Access Application Decision and Order No. G-28-99.

L-4-00 **Centra Gas BC**

Letter discussing the deferral account treatment of New Customer pass-through costs resulting from the approval given by Order No. G-136-99.

L-5-00 **BC Gas**

Letter approving the amortization of expenditures in the amount of $199,753, plus related AFUDC, included in the Satellite Liquefied Natural Gas Deferral Account concerning the reinforcement of the Salmon Arm lateral. BC Gas was provided an opportunity to file a submission on the expenditures that were denied and removed from the deferral account.

L-6-00 **B.C. Hydro**

Letter to the Joint Industry Electricity Steering Committee and the Consumers' Association of Canada (B.C.) et al. advising that the Commission would not make B.C. Hydro's rates interim and potentially refundable until April 1, 2000 and then only if the rate freeze legislation was not being extended.

L-7-00 **B.C. Hydro**

Directed B.C. Hydro to provide a full accounting of its electricity trade activities and plans before the end of February 2000, with respect to the complaint made by the Joint Industry Electricity Steering Committee and the Consumers' Association of Canada (B.C.) et al. regarding the utility's Fiscal 2000/2001 Revenue Requirements.

L-8-00 **Centra Gas BC**

Letter regarding negotiations between B.C. Hydro and Centra Gas BC with respect to rates, quality and terms and conditions of gas transportation service to the Island Cogeneration Project on Vancouver Island for the period September 2000 to October 2003.

In the event that the utilities are unable to reach an interim agreement by May 31, 2000, B.C. Hydro may apply to the Commission for an Order directing Centra Gas to provide gas transportation service to the Island Cogeneration Project on an interim basis, subject to review during the Commission's review of a Centra Gas rate design application.

L-9-00 **PLP**

Letter requesting comments on B.C. Hydro's January 27, 2000 letter and the two hearing options described for the Princeton Substation CPCN application, as well as any other options that parties believe could assist in resolving the issues.

L-10-00 **B.C. Hydro**

Response to the Brodel Group of Companies regarding the differences in B.C. Hydro's extension charges for fee-simple and strata developments.

L-11-00 **B.C. Hydro**

Indicated that B.C. Hydro should proceed to file an application on wholesale access principles.

L-12-00 **BC Gas**

Letter asking survey questions to gauge interest for the Agency Billing and Collection Transportation Tariff for Residential and Commercial customers.

L-13-00 PNG

Letter reminding PNG that it is always the Risk Management Committee's responsibility to insure that the gas portfolio has adequate insurance against price spikes and at the same time maintain flexibility to capture price declines on an ongoing basis and apply judgment in the most prudent manner possible so that the overall lowest and most stable gas cost alternatives are executed. The Commission accepted that the actions of the Risk Management Committee, as set out in the Update, were not imprudent but there appeared to be room for future improvement.

L-14-00 BC Gas/PNG/Centra Gas

Letter outlining the Commission's concerns on the increasing liability of core market customers resulting from the continued increase in natural gas commodity prices that are not being recovered in rates. The utilities were requested to revise their commodity cost expectations and apply for pass-throughs which reflect the expected prices for the remainder of 2000.

Requested the utilities to comment on the Commission's proposal to set gas cost recovery rates based on a shorter forecast period, which is expected to reduce the risk of rates and costs becoming seriously out of balance in the current volatile gas market.

L-15-00 B.C. Hydro

Directed B.C. Hydro to submit a report fully describing its export trade activities in the following three areas: (i1) the structure of agreements between B.C. Hydro and Powerex; (ii) financial information; and (iii) the rate stabilization account.

L-16-00 PNG

Letter accepting PNG's 2000/2001 Gas Contracting Plan, which consists of 25,168 GJ/day of baseload contract, 45,000 GJ/day of seasonai/peaking gas and 10,598 GJ/day of linepack/industrial curtailment, subject to the following:

1. All individual supply contracts will continue to be filed with the Commission for review.

2. The Risk Management Plan is to be filed in a timely fashion.

The Gas Contracting Plan will be held as confidential.

L-17-00 BC Gas

Letter requesting each marketer with experience in residential and commercial unbundling who is prepared to commit the technical resources that BC Gas states it requires, to confirm its commitment in writing. BC Gas is to identify, for a system-wide unbundling program, each deliverable that unbundling will necessitate, the incremental capital cost of each item, the incremental operating, maintenance and administration ("OM&A") expenses to November 1, 2001 and the additional annual OM&A expenses after the program is in place. Requested BC Gas to also identify, for an unbundling program for commercial customers, the incremental capital cost of each deliverable that such a program would require, the incremental OM&A expenses to November 1, 2001 and the additional annual OM&A expenses after the program is in place.

L-18-00 WKP

Requested comments from Interested Parties on WKP's April 26, 2000 response regarding its Transmission Extension Policy.

L-19-00 BC Gas

Requested a report from BC Gas regarding its January 2000 activities with respect to Rate Schedule 14. Reminded BC Gas to file Rate Schedule 14 tariffs pursuant to Order No. G-100-99.

L-20-00 BC Gas

Directed BC Gas to complete the following two conditions regarding the ABC-T service Tariff:

1. File an initial report that includes an application for a deferral account; an estimate of the magnitude of the rate impact on residential and commercial customers; and the modifications to the market rules that Direct Energy Marketing Limited requested and discussion of their acceptability to other participants in the Market Unbundling Group.

2. File a monthly progress report on the three-month initial project based on the activities described in BC Gas' May 3, 2000 letter (page 5, bullet 2).

L-21-00 **B.C. Hydro**

Letter to the Electrical Contractors' Association of B.C. regarding their complaint on B.C. Hydro's decision to offer customers larger padmounted transformers. The Commission determined that the utility's decision to supply larger transformers would not significantly affect future efforts towards deregulation; would not require subsidization by other ratepayers; and provides customers with a greater choice of service.

The possible impact of the provision of transformers on the electrical contracting/manufacturing industry is beyond (not within) the jurisdiction of the Commission as the competitive advantage issue appears to be primarily related to electric code requirements, which are beyond the Commission's jurisdiction.

L-22-00 **WKP**

Approved the Compact Fluorescent Light Pilot Program for the months of July and August 2000 in the South Okanagan. WKP is to file a report before, or in conjunction with, any subsequent application to expand the pilot program.

L-23-00 **BC Gas**

Approved the November 2000 to March 2002 Gas Price Management Strategy, noting that the utility may adjust its use of individual hedging requirements depending on cost and availability. BC Gas is to update Commission staff before November 2000 if there are changes to the winter program as markets and gas prices become finalized.

L-24-00 **BC Gas**

Requested BC Gas to file, no later than the end of 2000, a report on its discussions to resolve outstanding issues related to ABC-T service unbundling and the opportunities to implement unbundling for November 1, 2002.

Denied BC Gas' application for a deferral account to record expenditures associated with the ABC-T Service Tariff.

L-25-00 **Centra Gas BC**

Accepted the 2000/2001 Gas Contracting Plan and 2000/2001 Gas Supply Price Management Program, pursuant to Section 71 of the Act.

L-26-00 **PNG**

Accepted the 1994 to 1999 Main Extension Report as filed, and relieved PNG of the requirement to file this report in the future unless requested by the Commission. PNG is to maintain its system extension information so that it will be available for review if necessary.

Advised PNG that it had satisfactorily completed the evaluation of the appropriateness of the consumption rates used in the tariffs to estimate the maximum allowable investment, as required by Order No. G-50-97, and that no further information was required.

L-27-00 **WKP**

Advised WKP that it should proceed to complete the committed projects according to the schedules outlined in the System Risk Management Report, pursuant to Order No. G-134-99. With respect to the power purchase budget shortfall of $280,000/year for the next three years, the Commission will consider, in detail, the need for additional power purchases, and how to deal with the costs related to the additional purchases, upon WKP applying to the Commission for recovery of these funds.

L-28-00 **WKP**

Advised WKP that the Commission was not prepared to approve the proposed Transmission Extension Policy (Tariff Sheets 49.7 and 49.8) without further revisions to address the concerns raised by PLP and Nelson Hydro with respect to system reinforcements at transmission voltage.

L-29-00 **CHDL**

Approved in principle the fixing of $3.5 million of long-term debt for a period of five years at an average all-in cost not to exceed 8.5% with the Royal Bank of Canada. CHDL is to file an application demonstrating that the long-term debt was fixed in accordance with the approval in principle, for final approval. (See also Order No. G-71-00)

L-30-00 **BC Gas**

Determined that the complainant's final bill should be based on the actual meter reading provided by the customer and that the value of the difference in consumption be refunded to the complainant. (See also Letter No. L-31-00)

L-31-00 **BC Gas and B.C. Hydro**

Requested the utilities to provide a short report on actual meter readings vs. estimated readings used for final bills, and to cover, at a minimum, the following:

- How confident is the utility in using a final estimated meter reading, where it affects not only the customer leaving the residence but also the new customer coming in to the location?
- What financial and staffing impact, if any, would the utility incur if final bills were required to be based on actual meter readings taken by utility personnel?
- What would be the costs and risks of allowing customers who wish to read their own meters the option to provide the information to the utilities?

L-32-00 **BC Gas**

Accepted the following for BC Gas:

- The 2000/01 Gas Supply Annual Contracting Plan, which sets out a strategy for acquiring the gas supplies that are needed for the 2000/01 contract year.
- The new methodology for determining the peak day based on a 20-year return period instead of the coldest day in the past 20 years. This results in a peak day demand of 1,309 TJ/day.
- The contracting decisions that support the proposed amounts of baseload, seasonal, peaking, spot and storage gas for 2000/01.
- The 2000/01 Plan on a "confidential" basis on the understanding that it contains commercially sensitive information related to energy supply contracts.

L-33-00 **Intraprovincial Oil Pipelines**

Letter to all intraprovincial oil pipelines updating the Commission's economic regulation method and reporting requirements for oil pipelines under Part 7 of the Pipeline Act.

L-34-00 **B.C. Hydro**

Letter to the Joint Industry Electricity Steering Committee and the Consumers' Association of Canada (B.C. Branch) et al. requesting comments on B.C. Hydro's June 30, 2000 Report on Export Trade.

L-35-00 **B.C. Hydro**

Approved and accepted for filing Zone II diesel generation costs, covering the period of July 1, 2000 to June 30, 2001, and the adjusted rates for the following tariff supplements:

- Electric Tariff Supplement No. 7-Interruptible Electricity Supply Agreement with Central Coast Power Corporation at an energy charge of 17.75 cents per kWh; and
- Electric Tariff Supplement No. 8-Interruptible Electricity Supply Agreement with Queen Charlotte Power Corporation at an energy charge of 17.75 cents per kWh.

L-36-00 **BC Gas**

Approved the payout of the Fort Nelson Division's 1999 Deferred Income Tax Credits to eligible Rate Schedule 25 Transportation Service customers, pursuant to Order No. G-138-99.

L-37-00 **BC Gas**

Directed BC Gas to have its internal auditor review the specified projects to ensure that utility ratepayers were not cross-subsidizing Distributed Energy Services Co. Ltd. ("DESCO") activities with respect to services and cross-charges between the utility and DESCO. The review is to include a survey of all utility marketing, distribution, and engineering staff to identify non-utility projects worked on in 1999 and whether full charging occurred. The report is to be provided to the Commission without prior review by senior management of BC Gas Inc., the utility, DESCO, or the audit committee of the Board of Directors.

L-38-00 **B.C. Hydro**

Letter advising Lignum Ltd. that the Commission is in agreement with both Lignum and B.C. Hydro that Lignum should be permitted to receive service under Rate Schedule 1821 if it constructs the proposed substation.

L-39-00 **BC Gas**

Accepted the decontracting strategy for Westcoast Energy Inc.'s Transportation-South capacity, effective November 1, 2001, provided the amount decontracted is within 40% of the indicated amount set out in BC Gas' letter of July 24, 2000.

L-40-00 **BC Gas**

Information request to BC Gas regarding the Vancouver International Airport Authority's request for authorization to resell natural gas to its tenants.

L-41-00 **BC Gas**

Letter confirming that the level of information in the current Gas Supply Mitigation Incentive Plan quarterly report satisfies the Rate Schedule 14 reporting requirements set out in Order No. G-100-99. Letter also enclosed Order No. E-10-00 accepting for filing three seasonal gas supply agreements.

L-42-00 **B.C. Hydro**

Letter approving the Riverside Forest Products Limited application to build its own substation and receive service from B.C. Hydro under Rate Schedule 1821-Transmission Service.

L-43-00 **B.C. Hydro**

Letter requesting the utility to respond to the questions contained in DukeSolutions Canada Inc.'s August 14, 2000 letter regarding B.C. Hydro's Energy Performance Contracting Program. Additional questions put forward by Commission staff were also included.

L-44-00 **B.C. Hydro**

Letter approving Nechako Lumber Co. Ltd.'s application to construct a substation and receive service from B.C. Hydro under Rate Schedule 1821 Transmission Service.

L-45-00 **Stargas**

Letter extending the filing date for the 1999 Annual Report and permanent Rate Application, as required by Order No. G-34-00, to October 15, 2000.

L-46-00 **B.C. Hydro**

Letter granting B.C. Hydro an opportunity to respond to the comments of the Joint Industry Electricity Steering Committee and the Consumer's Association of Canada (B.C. Branch) et al. regarding the utility's June 30, 2000 Report on Export Trade.

L-47-00 **PNG**

Accepted the Gas Supply Risk Management Plan for the gas contract year commencing November 1, 2000.

L-48-00 **WKP**

Referred to the 2000 Annual Review WKP's application for a deferral account to capture a retroactive billing adjustment related to an unanticipated power purchase expense from Cominco Ltd. for power supplies relating to the payment of retroactive property taxes for the years 1993 through 1996.

L-49-00 **Squamish Gas**

Letter to the Ministry of Energy and Mines advising that the review of the Squamish Rate Stabilization Agreement's ("RSA") 1998 and 1999 actual results were reasonable and in accordance with Section 3 of the Squamish RSA, the April 1997 Settlement Agreement, and the return on common equity allowed for Squamish Gas under Order No. G-85-98.

Advised that the actual construction costs of the Brackendale and Garibaldi Highlands main extension would be reviewed when Squamish Gas filed the 2000 Main Extension Report.

L-50-00 **Pembina Pipeline Corporation and Plateau Pipe Line Ltd.**

Letter clarifying the filing requirements and directives contained in Orders No. P-6-00 (toll application for Plateau) and P-7-00 (Pembina permanent toll application).

L-51-00 **PNG**

Letter to Lang Michener Lawrence & Shaw, counsel for Skeena Cellulose Limited and Eurocan Pulp and Paper Co., providing clarification of the PNG interim rate increase granted under Order No. G-94-00 and enclosing a copy of the Commission's Reconsideration criteria with respect to their request for the Commission to modify or set aside Order No. G-94-00.

L-52-00 **B.C. Hydro**

Requested B.C. Hydro to provide a report on the present state of the 138 kV and High Voltage Direct Current cable systems to Vancouver Island and their expected level of reliability for the short term. The report is to include the utility's assessment of transmission capability under its reliability standards and its emergency short-term and medium-term solutions (in case of imminent cable failure) in order to ensure reliability to Vancouver Island.

L-53-00 **B.C. HYDRO**

Requested B.C. Hydro to provide additional information regarding the complaint made by DukeSolutions Canada Inc. and to confirm that the Energy Performance guarantees are not supported by the utility or, if they are supported, how the ratepayer is protected through program design elements and contractual arrangements.

Directed B.C. Hydro to have its internal auditors review the transfer pricing aspects of the Energy Performance Contracting services to ensure that all costs of the program, including the time of employees who provide services for both tariffed and non-tariffed services, are properly being attributed to the program.

Directed B.C. Hydro to include in its 2001 revenue requirements filing a report showing, on a historical basis, the costs and revenues attributable to all unregulated activities that B.C. Hydro is engaged in at that time. (See also Letter No. L-43-00)

L-54-00 **SUN PEAKS**

Requested a meeting with Sun Peaks and Distributed Energy Services Co. Ltd. to discuss the ownership and operation of the Sun Peaks utility as well as the possible public utility status of Distributed Energy Services Co. Ltd. and its regulation under the Act.

L-55-00 **BC GAS**

Letter to interested parties inviting comments on BC Gas's November 1, 2000 request for a review of the Return on Common Equity adjustment mechanism and the current negative yield spread, and what changes, if any, should be made to the ROE mechanism for the year 2001.

L-56-00 **B.C. HYDRO**

Directed B.C. Hydro to file quarterly reports on its export trade activities. Quarterly reports are to include information on:

- Export revenue generated from electricity sales and from activities such as "time shift trade".
- Revenues from export trade and costs or purchases entered into to enable trade activities.
- Previous forecasts (based on the plan prior to the start of the fiscal year) of export trade revenues and costs based on forecast average water conditions for the same quarter as its reported actuals. An updated forecast of electricity trade revenues and costs for the next 12-month period is to be included.
- A comparison of aggregate actual water conditions relative to normal water conditions for the quarter and a description of its methodology for determining actual and normalized water conditions, including the factors that are included in its calculations (e.g., reservoir levels, snowcap, inflow data).
- File copies of completed Water Use Plans and provide its conclusions about the impact of each Plan on the generating capabilities of facilities affected by the Plan.
- File updated electricity price information contained in the October 6, 2000 letter.
- Information showing export trade commitments for the forward period up to September 30, 2001 and for the period commencing October 1, 2001.

L-57-00 **WKP**

Approved the inclusion of the Brilliant Power Purchase Second Amendment Agreement with the Columbia Power Corporation/Columbia Basin Trust in WKP's Revenue Requirements as a power purchase expense.

L-58-00 **SQUAMISH-LILLOOET REGIONAL DISTRICT**

Letter accepting the District's request for a reconsideration of the Commission's July 20, 2000 determination. Reasons for Decision on the Commission's final ruling on the complaint were attached. The Commission declined to order B.C. Hydro to modify its operations of the Carpenter Reservoir as it was not persuaded that the existence of the reservoir, or the way it is operated, is the cause of the safety hazard.

The Commission also concluded that it has no jurisdiction over Road 40 and, therefore, declined to order B.C. Hydro to make any improvements to it. Both B.C. Hydro and the Regional District agreed that Road 40 is a public highway under the jurisdiction of the Ministry of Transportation and Highways.

L-59-00 **RESERVOIR SAFETY COMMITTEE**

Letter to Mr. Watkins responding to his complaint regarding the safety issues of Road 40 and enclosing a copy of the Commission's Reasons for Decision on the Squamish-Lillooet Regional District's complaint.

L-60-00 **DukeSolutions Canada Inc.**

Letter responding to DukeSolutions' complaint regarding B.C. Hydro's Energy Performance Contracting Program. The Commission noted that DukeSolutions' concerns regarding the potential financial impact of unregulated activities by the utility on the utility's rates would best be examined in the B.C. Hydro revenue requirements review anticipated to occur in the second half of 2001.

The Commission asked B.C. Hydro to file an internal audit of the transfer pricing aspects of the Energy Performance Contracting Program and to include a report on the costs and revenues attributable to all of B.C. Hydro's ongoing unregulated activities in its revenue requirements filing (see Letter No. L-53-00).

L-61-00 **Return on Common Equity**

Denied BC Gas' application to adjust the application of the formula used to calculate the Return on Common Equity to address the issue of yields on 10-year Government of Canada bonds exceeding the yields on 30-year Government of Canada bonds. Based upon the submissions of various parties, the Commission determined that it would apply the ROE adjustment mechanism in accordance with Order No. G-80-99 and that 9.25% was the appropriate return on common equity for a low risk benchmark utility in the year 2001. The appropriate ROE in 2001 for individual utilities will incorporate the risk premium for each utility relative to the low risk benchmark. Reasons for Decision were attached.

L-62-00 **Centra Gas**

Response to a customer complaint concerning dual metered services to his Saanichton property. Upon review of information provided by the complainant and Centra Gas, the Commission determined that the utility was correct in billing for two meters (one residential unit, one rental unit) under the approved Gas Tariff Terms and Conditions.

L-63-00 **BC Gas**

Directed BC Gas to file a monthly report on spot gas purchases. The report is to identify locations, amounts and prices as well as a comparison to spot market prices. The November and December 2000 information is to be filed by January 31, 2001 and every subsequent report is to be filed before the end of the following month.

Publications

Copies of the following publications are available upon request or from the Commission's web site at *http://www.bcuc.com* :

- Utilities Commission Act, R.S.B.C. 1996, Ch. 473
- Introduction to the B.C. Utilities Commission - what it is, what it does, and why (pamphlet)
- Public Hearing Process - why we have public hearings and how to participate (pamphlet)
- Complaint Handling Procedures (pamphlet)
- Understanding Utility Regulation: A Participants' Guide to the British Columbia Utilities Commission
- Retail Markets Downstream of the Utility Meter Guidelines
- Integrated Resource Planning Guidelines
- Negotiated Settlement Procedures (revised January 2001)
- Natural Gas Cost Increases for 1999, January 1, 2000, July 1, 2000, January 1, 2001
- CPCN Filing Requirements
- Setting Gas Recovery Rates and Managing the Gas Cost Reconciliation Balance Guidelines

Copies of the following documents issued by the Commission are also available upon request or from the Commission's web site:

- Orders
- Decisions
- Regulatory Agendas
- Annual Reports
- Participant Assistance Cost Award Guidelines - Revised

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